

For year ending 31st March 2017

# Annual Accounts

2016  
2017



## Angus Council - Annual Accounts 2016/17

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## Management Commentary

### 1. Introduction

This Management Commentary outlines key messages regarding the objectives and strategy of the Council and its financial performance over the 2016/17 financial year and also provides an indication of issues and risks which may impact upon the finances of the Council in the future.

#### Principal Activities

Angus Council was established in 1996 as part of local government reorganisation in Scotland under the Local Government (Scotland) Act 1994. The Council has responsibility for providing local authority services for the residents of Angus. Angus is an area of outstanding natural beauty located on the north east coast of Scotland with a mix of highlands, fertile valleys, rugged coastline and historic towns and villages. With a colourful and historically significant past the county can lay claim to be 'Scotland's Birthplace'. Angus has a population of around 116,000 dispersed over 840 square miles. The majority of people live in the burghs of Arbroath, Brechin, Carnoustie, Forfar, Kirriemuir, Monifieth and Montrose. Arbroath is the largest with around 24,000 residents and Kirriemuir the smallest with around 6,000 (2011 Census).

During 2016/17 the Council had twenty nine councillors who were elected over the five year period to represent the interests of the local community. The management of Angus Council during 2016/17 was led by the Chief Executive, Richard Stiff. Richard Stiff retired in May 2017 and Margo Williamson was successful in being appointed the Chief Executive position from 1 June 2017. The operational structure during 2016/17 was divided into the Chief Executive Business Unit and three directorates: Children & Learning, Communities and Resources.

As part of the Local Government elections in May 2017 the number of Councillors reduced to 28 from 29.

#### Annual Accounts 2016/17

This publication contains the financial statements of Angus Council as well as Group financial statements which bring together the Council's accounts with those of a number of other entities (see "Angus Council Group" under section 5 Supplementary Information below for further details) for the year ended 31 March 2017, its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The Annual Accounts have been compiled in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 ("The Code") which governs the format and content of local authorities' annual accounts.

The Council is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of Corporate Finance for submission to the Controller of Audit so that they may scrutinise their accuracy and completeness. In preparing the Accounts the Council must comply with recognised accounting practice as it applies to local authorities. The Accounts represent the culmination of the year's financial transactions and are an essential means of demonstrating the proper stewardship of public funds as well as budget performance and financial control.

The main objective of the Accounting Statements is to provide information about the financial position, financial performance and cash flows of the Council (the "single entity") that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Information is also provided with regard to the "group" position which takes into account the Council's financial interests in other bodies. This includes entities such as Joint Boards.

The Accounting Statements comprise:-

- a) Movement in Reserves Statement for the period (single entity and group position);
- b) Comprehensive Income and Expenditure Statement for the period (single entity and group position);
- c) Balance Sheet as at the end of the period (single entity and group position);
- d) Cash Flow Statement for the period (single entity and group position); and
- e) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Accounting Statements and other explanatory information (single entity and group position).

The group statements and notes follow after the single entity statements and notes.

Details of the main accounting statements can be found on pages 25 to 28.

## 2. Main Objectives and Strategy of the Council

### Council Plan 2014-17

Angus Council has the county's people and communities at the heart of everything it does. Our overriding priority is to provide excellent services targeted at those most in need. Our Council Plan 2014-17 sets out the ambitions and priorities we have for Angus together with the results we want to achieve. Our goal is to improve the opportunities and outcomes for the people, communities and businesses of Angus and we need to do that with less money. Like every local council we will have less to spend in the future. We are on track to reduce our budget by £23 million for the period 2014 to 2017 and are focused on providing the services that are most needed by our communities. We are committed to the development of a new area based approach by 2017 to the planning and delivery of services, offering communities a better way of working with the council and our partners.

Our organisational goal is to create a council which, along with our partners, other agencies and our communities, can enable Angus to be a place where:

- citizens feel involved;
- people want to live, work or visit;
- ambition is high; and
- partnership working flourishes.

We are an ambitious council with a good record of service delivery, governance and financial management. There is evidence of this from the management restructure, which provided a clear sign of determination to change and be more ambitious. Our published Performance Indicators show a good performance across many areas. Also, feedback from the citizen survey, in particular the high levels of satisfaction about the quality of life in Angus supports this statement. But with less money, we will have to do things differently, do different things and do less, in order to meet our obligations and realise our ambitions in the future.

The Corporate Plan is a public facing, focused statement, setting out the Council's vision for Angus, which is 'Angus is a place where a first class quality of life can be enjoyed by all.' While we can't make this happen on our own we can, by working with other organisations and communities, create the more integrated, responsive and sustainable services that will help us achieve it. A new Council Plan covering the 5 years 2017 to 2022 is under development and while the content of that plan will be different from the current Plan the overall objective to provide good quality efficient services to the citizens of Angus will remain the same.

In the coming years we will be working more effectively with our partners to target resources on the areas of greatest need. We will be focusing on specific priorities and working to achieve the best results possible with the resources available. When planning services we will consider how they are provided and who can offer the best value – that may or may not be the council.

The council will continue to have a key role in determining priorities and policy. We will continue to lead and co-ordinate partnership working; we will commission services; and we will continue to support and enable communities. All of this will be done with a much clearer focus on outcomes, quality and sustainability.

### Public Performance Reporting

Angus Council has a well-established framework in place that integrates strategic planning with performance management to ensure the effective delivery of corporate and service outcomes. The framework is underpinned by a system of robust self-evaluation in order to promote a culture of continuous improvement and help to ensure the Council continues to deliver Best Value.

### The Annual Budget and Setting Council Tax

Angus Council approved a budget for 2016/17 on 18 February 2016. The 2016/17 budget was based on the Council Tax for band D remaining at £1,072 and a budgeted deficit for the year of £1.185 million was planned after taking account of government grants, inflation, borrowing costs and approved savings.

The Council also approved a £234.712 million (gross) five-year capital investment programme, covering the period 2016/17-2020/21.

## 3. Financial Performance in 2016/17

### General Revenue Budget

#### General Fund

The General Fund is the statutory fund into which all the receipts of the Council are paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules provide otherwise. The General Fund covers council services which are funded by Government Grant and Council Tax revenues.

It can be seen from Note 6 to the Accounting Statements that the General Fund balance at the end of the year was £25.963 million with £0.640 million of this earmarked for future use by Angus schools under the Devolved School

Management (DSM) scheme. The opening balance on the General Fund at 1 April 2016 was £29.609 million including £0.813 million attributable to DSM. The movement on the General Fund Balance was therefore an decrease of £3.646 million. The budget set for 2016/17 assumed a deficit of £1.185 million but after adjustments for budget carry forwards and other earmarked sums this moved to a budgeted deficit of £14.148 million. Accordingly the closing balance of £25.663 million represents an overall favourable movement against budget of £10.202 million. This closing balance of £25.663 million includes a Devolved School Management (DSM) balance of £0.640 million but excludes the Car Parking reserve (£0.059 million), Arbroath Harbour reserve (£0.264 million) and other specific reserves (£0.279 million) which are included in Note 6 (£26.265 million). The £10.202 million favourable movement arises as follows: -

Description	£m
Underspend on directorate budgets	7.068
Additional Council Tax income	1.162
Underspend in Loan Charges – Principal Repayments & Interest	2.496
Increased Surplus – Tayside Contracts	0.229
Affordable Housing Transfer	(0.300)
All other items (Net effect)	(0.453)
<b>Total</b>	<b>10.202</b>

A significant underspend has been reported to committee during the financial year and it should be borne in mind that a significant proportion of the underspends are one off as a large amount of this figure was planned and is a result of officers preparing for the impact of further budget cuts in future years. A significant amount of the underspend was due to staff vacancies and this will not necessarily be repeated given the savings applied in setting the 2017/18 budget.

Of the closing General Fund balance of £25.663 million, £0.641 million is attributable to DSM and £24.688 million is committed or earmarked as follows:-

Description	£m
Working Balance/Contingency (per existing policy)	4.000
<b>Earmarked monies</b>	
-Budget Setting 2017/18	2.102
-Budget Setting – Severance Costs & Risks	1.100
- Unspent Grants, Government Grant Re-determination Monies, Prior Year Carryforwards - to be spent in future years	5.093
- CFCR provision (capital budget funding)	2.306
- 100% Carry forwards from 2016/17	4.993
- Transforming Angus Change Fund	2.237
- Affordable Housing Revenue Account Balance	2.857
<b>Total</b>	<b>24.688</b>

Allowing for DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £0.334 million and the future use of this sum will require to be considered as part of the ongoing delivery of the 2017/18 budget and the development of the budget strategy for 2018/19 and beyond.

### **Housing Revenue Account**

The Housing Revenue Account is funded by Council House rents and some specific Government Grants and deals with council house management transactions. The actual movement on the Housing Revenue Account for 2016/17 is a decrease of £0.769 million which has resulted in a surplus balance of £4.922 million at 31 March 2017

The Housing Revenue Account budget set for 2016/17 assumed a breakeven position. The closing balance of £4.922 million therefore represents an unfavourable movement against budget of £0.769 million. The closing Housing Revenue Account balance was in excess of the £1.000 million minimum policy level with £4.922 million earmarked as follows:-

Description	£m	£m
Working Balance/Contingency (per existing policy)		1.000
<b>Earmarked monies</b>		
- Survive & Thrive (scheme to provide grant support to private developers)	0.687	
- Early Repayment of Debt	1.359	
- Allowance for SHQS / New Build Housing	1.876	3.922
<b>Total</b>		<b>4.922</b>

Whilst broadly on budget in most areas, the 2016/17 deficit of £0.769 million primarily results from underspends on staff costs, repairs & maintenance costs, central support costs and capital financing costs, offset by a special repayment of debt.

## Capital Budget

The Council continues to make significant capital investment in Council Housing, schools, infrastructure, leisure, communities and town centres. £39.1 million (gross) was spent in 2016/17 and the major spend areas are detailed below. Funding of capital expenditure included £12.5 million from revenue, £1.5 million from receipts, and £15.7 million from Government grants & other contributions, with the balance of £9.4 million being met through internal funding and borrowing. Further information about the spending on capital projects is shown in Note 40 on page 74.

Major spend areas during the year included:

- £10.6 million on new provision / improvements of Council Housing stock;
- £2.4 million on the provision of new primary schools in the Arbroath area;
- £3.8 million on new build / refurbishment of the wider school estate;
- £4.5 million on flood alleviation / coastal protection works;
- £9.5 million on road infrastructure;
- £1.2 million on the construction of a new vehicle workshop; and
- £1.6 million on agile facilities / estate rationalisation.

The Council is able to regulate its own capital spending limits within a Prudential Framework recommended by CIPFA and endorsed by the Scottish Government. The Council's performance monitoring confirms its overall capital spending of £39.1 million (gross) was managed within the "Prudential Framework" limits approved by the Council. There was an underspend of £7.0 million (15.2%) against the approved capital programme with the works and associated spend moving to 2017/18. This compares with 2015/16 where the underspend was £3.2 million (5.2%). Analysis of the 2016/17 underspend shows it is due in the main to internal and third party delays.

Capital expenditure commitments for the construction / enhancement / purchase of property, plant and equipment totalling some £37.790 million (gross) exist as at 31 March 2017, £17.025 million of which relates to the General Fund and £20.765 million relates to Housing. On a net basis, some £25.792 million of commitments exist in total at 31 March 2017, of which £8.471 million relates to the General Fund and £17.321 million relates to Housing. (Source: 2017/18 General Fund Provisional Capital Budget Volume and 2017/18 Housing Rent Setting Report – Appendix 1). Similar commitments at 31 March 2016 totalled £20.121 million (gross). The major commitments (on a gross basis) are detailed within Note 38 on page 73.

## Capital Borrowing / Non Current Assets

The council has several sources of borrowing to fund capital expenditure, the most significant of which is the Public Works Loan Board (PWLB), a Government sponsored body set up with the primary purpose of lending to U.K. local authorities. Capital debt being carried by the Council amounted to some £168.184 million at 31 March 2017, with £127.147 million attributable to the General Fund, £35.097 million to the Housing Revenue Account and £5.940 million to the former Tayside Police Joint Board. The costs associated with this Police debt are paid by Police Scotland.

On the General Fund, borrowing increases overall indebtedness and consequently the level of principal repayments and loan interest to be paid increases each year. The funding of Housing Revenue Account capital expenditure has previously included more significant amounts of borrowing. Due to the reduced nature of the 2016/17 capital plan, combined with levels of capital receipts and revenue funding available, it has however not been necessary to take any new Housing Revenue Account borrowing in 2016/17.

## Funding of Capital Expenditure

The level of capital spend undertaken by local authorities is governed by the provisions of The Prudential Code whereby any borrowing is required to be prudent, sustainable and affordable.

Note 40 outlines the capital expenditure undertaken during 2016/17 by Angus Council and how this was funded. The gross capital expenditure of £39.103 million (excluding PFI/PPP life cycle investment) was funded through borrowing (19.0%), sale of assets (3.8%), contribution from revenue and Capital Fund (37.2%), with the remainder (40.0%) being met from grants received / other income.

The receipts which are generated from the sale of surplus assets (e.g. land, buildings, equipment) are used to fund capital expenditure (both General Fund and Housing). Whilst the majority of receipts are generally applied to the capital programme in the year of receipt, unused receipts are held in reserve for use in future financial years. Capital receipts may also be ring-fenced towards specific projects subject to prior committee approval (for example, the proceeds from the sale of vehicles are retained by the Communities directorate to be utilised towards the purchase of new vehicles).

**Key Financial Ratios**

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain “financial ratios” are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and of the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Commentary	2016/17	2015/16
<b>Reserves</b>			
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy is 1.3% of annual turnover which is considered appropriate in the context of the Council's financial and ongoing risk profile. This will be reviewed going forward as part of the budget strategy.	1.7%	2.4%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	(83.4%)	100.5%
<b>Council Tax</b>			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic climate and its effect on the local economy.	97.9%	97.8%
Ratio of Council Tax Income to Overall Level of Funding	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within local authority control. Angus Council in common with all Scottish local authorities has frozen Council Tax bills at 2008/09 levels.	16.7%	15.4%
<b>Financial Management</b>			
Actual Outturn compared to Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year.	95.5%	94.0%
Actual contribution to/from Unallocated General Fund Balance compared to Budget.		17.0%	200.0%
<b>Debt/Long-term Borrowing</b>			
Capital Financing Requirement (CFR) for the current year – all elements including PPP & Finance Leases	External debt levels are less than the CFR. This demonstrates that borrowing is for capital investment purposes only. More information is provided within the <i>Long-term and Short-term Borrowing</i> section below.	£283.372m	£255.187m
External Debt Levels for the current year		£273.930	£243.234m
Capital Financing Requirement (CFR) for the current year – borrowing element only	External debt levels (market borrowing element only – i.e. PWLB & financial market debt) are less than the CFR. This demonstrates that borrowing is for capital investment purposes only. More information is provided within the <i>Long-term and Short-term Borrowing</i> section below.	£168.182m	£171.438m
External Debt Levels for the current year – market borrowing element only		£158.739m	£159.484m
Capital Debt Levels for the current year – borrowing element only		£168.182m	£171.438m
Ratio of financing costs to General Fund net revenue stream	These two ratios compliment the assurances of borrowing only being for capital purposes with an indication of the respective abilities of the General Fund and HRA to service borrowing costs. The costs of borrowing for the General Fund and HRA remain consistently below the Scottish averages; are affordable; and fit with the General Fund and HRA medium to long-term financial strategies.	10.7%	9.9%
Ratio of financing costs to HRA net revenue stream		8.1%	8.3%

### **Assets and Liabilities**

The Balance Sheet on page 27 summarises the Council's assets and liabilities as at 31 March 2017 and explanatory notes are provided. Total net assets have decreased by £78.698 million to £389.223 million. Within this headline figure, there have been significant changes in both asset values and liabilities. Property, plant and equipment have increased by £25.572 million. On the liabilities side the pensions' liability has increased by £72.521 million. The major changes in the Council's Balance Sheet between March 2016 and March 2017 are explained in more detail in the following paragraphs.

### **Reserves**

The Council complies with the requirements of the CIPFA Guidance Note On Local Authority Reserves and Balances issued in November 2008 and reviews at least annually its reserves position and future needs. At 31 March 2017 the Council's overall usable reserves stood at £40.811 million which is approximately 9.8 % of gross expenditure across all activities. These reserves provide cover for future revenue and capital expenditure in both General Fund services and Housing and are considered to provide an adequate level of protection against unforeseen events. These reserves will also provide flexibility to help meet future spending needs and pressures. Taking into account the uncommitted balance of £0.334 million and the policy contingency of £4.000 million, some £4.334 million of headroom exists within the General Fund Balance at 31 March 2017 which represents approximately 2% of the budgeted net expenditure on General Fund services for 2016/17, the same as the position in 2015/16. Taking into account commitments and the set contingency level, some £1.000 million of headroom exists within the HRA which represents approximately 3.8% of budgeted gross expenditure for 2016/17 and compares with 3.9% in 2015/16 (gross expenditure has been used as the HRA budgeted net expenditure is zero).

### **Non-current and Current Assets**

Property, Plant & Equipment have increased in value by £25.572 million to £821.779 million. An increase in asset values resulting from major capital investment and a revaluation exercise of some assets was offset by depreciation charges for the year. Short term investments have increased by £5.003 million and cash equivalents has decreased by £3.519 million.

### **Pensions Position**

The pension accounting requirements of International Accounting Standards (IAS 19) have been applied to the accounting statements. Under these requirements, costs of services delivered by the council are restated to include an actuarially assessed cost of the increased liability falling upon the council in respect of employee pensions under the Local Government Pension Scheme. This is as opposed to the actual employer contributions paid during the year in accordance with the Scheme. Adjustments are made to ensure that the impact on council tax and housing rents from the IAS 19 presentational requirements is neutral.

The IAS19 requirements also lead to the creation of a Pension Asset or Pension Liability offset by a Pension Reserve. At the 31 March 2017 there was a Pension Liability of £197.186 million with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2016 of the Scheme's assets (investments, etc) attributable to the council and the present value of the liabilities relating to pensions for council employees (past and present). Thus if the council were to have discharged its responsibilities at 31 March 2017 there would have been a shortfall of some £197.186 million. The Pension Liability of £197.186 million compares with £124.665 million for the previous year – an adverse movement of £72.521 million.

As noted above, these liabilities are expressed in present value terms rather than the cash amount that will eventually be paid out in order to allow for the "time value of money". This is undertaken by discounting these future cash amounts by use of a corporate bond rate. The corporate bond rate used for the valuation as at 31 March 2017 was 2.87% (2015/16 3.7%). The increase in cost of future liabilities is a result of a change in the financial assumptions applied under the IAS 19 Standard.

It is also important to recognise that this snapshot scenario is not a provision within the Scheme. The Scheme is a long term operation and periodic actuarial assessment is made of the rate of contribution that the council as an employer has to pay to the Pension Fund to ensure that it meets its long term liability. The 2016/17 Local Government Finance Settlement and the council's budget process provided the resources required to meet the council's net service expenditure in 2016/17. It is anticipated that future settlements, aligned with the council's budget process, will provide sufficient resources to finance future liabilities. It is, therefore, considered appropriate to adopt a going concern basis for the preparation of the Accounting Statements.

### **Long-term and Short-term Borrowing**

The Council's overall borrowing reduced by £0.613 million during the year. Short-term borrowing increased by £0.134 million whilst long-term borrowing decreased by £0.747 million. This reflects the funding of the capital programme this year and repayment of borrowing.

The borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from market loans and from borrowing from the Public Works Loan Board. Further details are provided at Note 42. The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council calculates its capital financing requirement (CFR) for the forthcoming year. The CFR is a prudent assessment of the



external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The Council's external borrowings have only been for capital investment purposes.

The Council has low debt per head of population compared to other local authorities in Scotland in both General Fund services and Housing and the proportion of our net revenue income which is taken up by debt charges is expected to remain below the Scottish average for both these areas of service. The Council remained within its borrowing limits throughout 2016/17 and complied with its treasury management strategy for the year. The indicators listed in the key financial ratios section above, reflect a snapshot of the position as at 31 March 2017.

In line with proper treasury management practice, the Council does not borrow for specific projects or areas and it is not therefore possible to split the General Fund, HRA or former Tayside Police positions within the earlier indicators.

The Council's external borrowing remained below its capital financing requirement throughout the 2016/17 financial year.

#### **Provisions, Contingencies and Write-offs**

The council has a provision of £10.181 million included within short term debtors for bad debts (sales ledger, council tax, housing rents) as at 31 March 2017. There was a write-off against the bad debt provision during the year of irrecoverable debt due to the Council of £0.440 million for Council Tax and £0.376 million of sales ledger debts which was approved by the Head of Corporate Finance under delegated authority. £0.310 million was also written off in respect of council house rents.

### **4. Financial Outlook, Key Risks and Plans for the Future**

#### **Financial Management**

The Council has a good track record of prudent and effective financial management and of taking difficult long term budget decisions when they need to be taken. The council's good track record is supported by setting annual budgets on time, obtaining unqualified accounts, delivering services within budget year on year, no major issues with fraud through National Fraud Initiative, PFI, preparing a medium term financial strategy, a long term affordability position on capital and the development of a 3 year saving strategy. Financial year 2016/17 again saw Council directorates adhering to their cash limited budgets and this was despite the difficulties created by constrained budget resources. The Council's budget monitoring process during the year identified a number of over and under spends and this informed the 2017/18 budget setting process. The Council's performance in the collection of local taxes was maintained at an already strong position during 2016/17, although housing rent arrears increased somewhat the Council are actively reviewing and managing this.

#### **Economic Circumstances and their Impact**

Financial year 2016/17 has proven to be another challenging year for the Council with the Council's ability to generate capital receipts still constrained. The year also saw continued challenges in the generation of income from short term investment of the Council's surplus cash, however proactive Treasury Management achieved a higher than budget outturn. Collection of local taxes was higher than budgeted and was a result of increased council tax from second home discount and a steady on going collection of council tax. Capital receipts for Housing were some £0.344m lower than the level set out in the 2016/17 monitoring budget. Higher levels of house purchase applications than normal were received ahead of the deadline for the end to Council House Sales at the end of August 2016, however due to the reduced capital programme and levels of revenue funding available, it was not necessary to utilise all receipts to fund capital expenditure. The unutilised receipts are carried forward to be utilised in funding future years' capital expenditure, £2.260 million is available in this regard. It has also proven more difficult to sell other surplus assets on the General Fund within the timescales and for the values which had originally been expected.

#### **Financial Outlook**

The pressure on public finances continues, despite the perceived improvement in the general UK economy over the course of the year. The outlook continued to be one of slow improvement in general terms but it is unclear at this time what the impact will be on the Council's financial position as a result of the referendum vote to exit from the European Union. Realising the sums sought from sale of surplus assets is also expected to continue to be difficult and it's likely that the Council will feel the effects of the squeeze on disposable incomes for many of the services where fees and charges are levied.

The period of austerity and reduction in the overall level of UK public sector expenditure is anticipated to extend for at least another four years, despite more encouraging signs over the past year of a UK economic recovery. The government grant settlement for the next financial year (2017/18) was significantly lower than the financial planning assumptions the Council made and increased the funding gap for the 2017/18 budget that needed to be resolved. Thereafter, economic commentators continue to forecast pressure on public expenditure until at least 2021. The Council, in line with prudent financial practice, continues to adopt a medium term horizon for financial planning purposes and decisions.

At the same time, the Council faces ongoing service and cost pressures arising from a range of issues, most significantly demographic and socio-economic factors which continue to play a major role in driving spending pressures for the Council, particularly in relation to social care services. The UK Government's welfare reform

agenda continues with the introduction of changes to the benefits system providing challenges for the Council in terms of demand for services and support. The Department for Work & Pensions (DWP) Universal Credit Full Service roll out begins in Angus in November 2017 and the Council and its partners have put in place a range of services to support citizens with this change in part to ensure claimants remain able to pay their rent.

Going forward, the main concern for the Council and the services it provides is the expected significant reductions in government grant which will apply for the foreseeable future. These funding issues present significant challenges for the Council but the likely level of funding reduction, the extent of future budget pressures and the resulting funding shortfalls have been assessed and identified as part of the Council's Medium Term Financial Strategy and plans are in hand to ensure that future budgets will be delivered in line with statutory requirements. An update report in October 2016 reported an estimated funding shortfall of £29.0 million over the 3 year period 2018/19 to 2020/21.

The Council has a programme of efficiency reviews and service redesign work underway along with a Change Programme which is charged with delivering financial savings and transforming the way the Council works and provides services. This includes a variety of work streams including Help to Live at Home, Agile Working and a development of robotic process automation. These various activities will help balance future budgets whilst protecting as far as practical service delivery. This forward planning and the Council's strong financial position will enable the Council to be as well positioned as it reasonably can be to meet the future financial challenges it will inevitably face.

### **Management of Risk**

Angus Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

To this end, the council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and the supporting guidance notes for Scottish authorities. A copy of our Local Code of Corporate Governance is available on the Council's website at [www.angus.gov.uk](http://www.angus.gov.uk).

The Annual Governance Statement details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk.

The most significant risks faced by the Council over the medium to longer term are the impact of Welfare Reform on the residents of Angus, the increased demand for services and the Council's finances.

### **Plans for the Future**

The combination of anticipated cost pressures, coupled with reduced government grant income in the context of significant ongoing public sector reform, presents major challenges and financial risks to the Council over the medium term. The Financial Strategy estimates that between 2018 and 2021 further budget reductions of £29.0 million could be required. It is recognised that the scale of the financial challenge will require a fundamental review of aspects of its service delivery as the Council maintains its financial stability moving forward and protects its ability to deliver the most important services in the future. The Council continues to develop its longer term financial planning arrangements, which will support the identification of key longer term financial risks and appropriate longer term mitigation strategies. The ongoing funding pressures highlight the need for the Council to maintain stringent financial control and to continue to drive out efficiencies through the Council's budget process.

### **5. Supplementary Information**

The Council has entered into 4 Public Private Partnerships or similar arrangements and further details of these are contained in Note 36.

#### **Common Good**

The Common Good Fund, administered by the Council, returned a deficit of £0.008 million (a surplus of £0.114 million on a cash basis). Outgoings exceeded income, mostly from rents. The total usable reserves of the Common Good Fund now stand at £3.107 million which is available for use in future years, subject to maintenance of policy minimum balance levels (these total £0.901 million across the Funds). Despite ongoing expenditure on projects and property maintenance, it is projected that over the three year period 2017/18 to 2019/20 that the Common Good Funds will generate a total surplus of £0.060 million. The financial statements and notes of the Common Good Fund are detailed on pages 105-107.

### Angus Council Group

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with its share of six other entities – Common Good, Charitable Trusts, Tayside Contracts Joint Committee, Tayside Joint Valuation Board, Angus Integration Joint Board and Angus Alive. The effect of the inclusion of these six bodies in the Group Balance Sheet is to reduce both the "total assets less liabilities" and "total balances and reserves" by £16.695 million representing the Council's share of the net liabilities in these entities. This reflects the combined pension position of the entities. Further details of the nature of the business of these entities and their financial results can be found on pages 82 to 9.

### Financial Instruments

Information in respect of the financial risk management objectives and policies of the Council and the exposure of the Council to price risk, credit risk, liquidity risk and cash flow risk are disclosed in Notes 42 and 43.

### Workforce

The people who work for the council are both its biggest investment (around 50% of our gross revenue budget) and its biggest asset – our success is built on their contribution. Through our workforce strategy we will create and maintain a workforce which is led and managed effectively, is the right size and shape, is committed and motivated and has the skills, knowledge and tools it needs. An update to the Council's Workforce Plan will be submitted to Councillors in September 2017.

### Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration. There are no significant post balance sheet events to report as the impact on Angus Council's financial position from the referendum vote to leave the European Union is unclear at this time.

## 6. Where to Find More Information

### In This Document

An explanation of the financial statements which follow and their purpose are shown at the top of each page.

### On Our Website

Further information about Angus Council can be obtained on the Council's website ([www.angus.gov.uk](http://www.angus.gov.uk)) or from Corporate Finance, Angus House, Orchardbank Business Park, Forfar, DD8 1AF.

## 7. Conclusion and Acknowledgements

We are pleased to record that the Council has successfully managed its financial affairs which reflects well on both the efforts and professionalism of the employees and the effectiveness of our financial management procedures. The continuation of prudent financial management and medium term financial planning has allowed the Council to successfully manage its financial affairs within budget and achieve prescribed financial objectives.

Accordingly, we would wish to record our thanks to all of the Council's staff for their essential contribution to helping ensure that the financial targets were delivered.

Finally, we would like to take this opportunity to acknowledge the significant effort in producing the Annual Accounts and record our sincere thanks to all of the staff for their continued hard work and support. We greatly appreciate the significant efforts of all who were involved.

Margo Williamson	Councillor Robert Myles	Ian Lorimer
Chief Executive	Leader of the Council	Head of Corporate Finance
28 September 2017	28 September 2017	28 September 2017

## Annual Governance Statement 2016/17

### Introduction

Angus Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Angus Council's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the council, effective operation of corporate systems, processes and internal controls, engaging with communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

To this end, the council has approved and adopted a Local Code of Corporate Governance (the Local Code) which is consistent with the principles and recommendations of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and the supporting guidance notes for Scottish authorities. The Local Code sets out the core principles of good governance and the key policies, procedures and structures which demonstrate Angus Council's compliance. It is also applicable in general terms to elected members and officers on external bodies.

The Local Code was reviewed and updated in 2017 to ensure that it remains up to date and that it complies with the revised Delivering Good Governance Framework and Scottish Guidance Notes published in 2016. A copy of our [Local Code of Corporate Governance](#) is available on the Council's website at [www.angus.gov.uk](http://www.angus.gov.uk)

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2017. It also meets the requirements of the Local Authority Accounts (Scotland) Regulations 2014, which require all relevant bodies to prepare an annual governance statement. The statement covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statements.

### The Governance Framework

The governing body of Angus Council is the full Council. Some functions, including setting the annual budget and council tax, can only be discharged by the full Council. The following Standing Committees were in place during 2016/17:

- Children and Learning
- Civic Licensing
- Communities
- Development Standards
- Policy and Resources
- Scrutiny and Audit

The processes which govern the conduct of the council's business and the roles and responsibilities of elected members and officers are defined in [Standing Orders and Related Documents](#) and in [Financial Regulations](#). These are reviewed regularly and revised where appropriate.

The council's chief executive is responsible and accountable for all aspects of executive management. The corporate management structure is led by the Executive Management Team (EMT) and the Council Management Team (CMT). During 2016/17, the EMT comprised the Chief Executive, three Strategic Directors and the Chief Officer Integration. The EMT members plus nine Heads of Service formed the CMT.

In February 2017, the council appointed a new Chief Executive, Margo Williamson, who took up her new post on 1 June 2017 following the retirement of Richard Stiff. From 1 June 2017, the number of Strategic Directors has been reduced from three to two and membership of the EMT has been expanded to include the statutory officers.

The Council operates an internal audit service, situated in the Chief Executive's Unit, which operates in accordance with the Public Sector Internal Audit Standards. The service undertakes an annual risk-based programme of work approved by the Scrutiny & Audit Committee.

The Audit Manager has open access to elected members and the Chief Executive. The Audit Manager reports on a functional basis to the Scrutiny & Audit Committee and on a contract management basis to the Service Manager - Governance & Consultancy. The Audit Manager reports in their own name, retains final edit rights over all audit reports and provides to members an annual report on governance, risk and internal control.

The Counter-Fraud Team is a specialist resource within the Governance Unit. The team has overall responsibility for assessing and investigating allegations of fraud and corruption and for reporting findings. None of the investigations concluded in 2016/17 had a material impact on the council's financial standing.

Within the council's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council.

In relation to the systems of financial control of the council's associated companies, reliance is placed on the Governance Statement prepared by the officers responsible for the proper administration of the financial affairs of those associated companies.

The Council's financial management arrangements do not fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) because the Head of Corporate Finance, as Chief Financial Officer for the Council, does not report directly to the Chief Executive. The Council's arrangements do however achieve the same impact and, with the exception of management reporting lines, comply in all material respects with the CIPFA Statement on the Role of the Chief Financial Officer. The Head of Corporate Finance is the Council's most senior adviser on all financial matters, is involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. For the year under review the Head of Corporate Finance was able to fulfil the requirements of the Chief Financial Officer's role through the arrangements which existed.

From 1 April 2016, adult social work services are delivered under the direction of the new Angus Health & Social Care Partnership, established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The work of the partnership is overseen by the Integration Joint Board (IJB), which was established with effect from 3 October 2015. Agendas, reports and minutes of the IJB are published on the Council website.

The council's Chief Social Work Officer (CSWO) has a responsibility to ensure the provision of effective professional advice to elected members and officers in the authority's provision of statutory social work duties and to provide professional governance and leadership in the delivery of social work and social care services. The role of CSWO complies with revised guidance issued by Scottish Ministers in July 2016. The CSWO's annual report details the arrangements that are in place within Angus to allow the CSWO to fulfil this role and provides assurance to elected members as to the governance of statutory social work services in Angus. The CSWO assurances cover all social work services, including those that come under the responsibility of the IJB.

Further details of the governance framework, including developments which have taken place during the current year, can be found in the Local Code of Corporate Governance 2017, which can be accessed from the council website. The governance framework has been in place for the year ended 31 March 2017 and up to the date of approval of the Council's Annual Accounts.

### **Annual Review of the Governance Framework**

The council conducts an annual review of the effectiveness of its overall governance framework. The review is undertaken on behalf of the Chief Executive by the Corporate Governance Officers Group. This group has responsibility for monitoring compliance with the principles of good governance and making recommendations for additions and/or improvements to the governance framework to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The annual review of the governance framework is informed by:

- annual assurances from strategic directors who have responsibility for the development and maintenance of the governance environment within their directorate and who in turn identify actions to improve governance at a directorate level
- annual assurances from the S95 Officer, Monitoring Officer and Chief Social Work Officer
- the Audit Manager's independent review of the Council's risk management processes, systems of internal control and corporate governance processes
- consideration of governance issues by the Scrutiny & Audit committee, including internal and external audit reports, counter-fraud updates, corporate risk register updates and complaints summary reports
- reports from other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2016/17 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

## Improvement Areas

The review process identified the following areas where further improvements can be made to enhance the council's governance framework. These are included in the Annual Governance Statement action plan, submitted to the Scrutiny & Audit committee in June 2017. Progress will be monitored through the Covalent performance management system and reported to the Scrutiny & Audit committee.

- Work continues to embed the information governance framework throughout the Council. The Information Governance Improvement Plan 2016-18 was approved by the Information Governance Steering Group in April 2016. Progress is monitored by the Steering Group. During 2017/18, additional work will be undertaken to ensure the council is able to meet the requirements of the General Data Protection Regulation, which comes into effect in May 2018. (2017/18 Action Plan 1)
- During 2016/17, Internal Audit undertook a review of the Integrated Joint Board's (IJB's) Financial Management of Adult Services, which looked at the financial support services provided by Angus Council to the IJB. The review resulted in a D grading ('inadequate – there is increased risk that objectives may not be achieved'). An action plan has been agreed with management, which will address the weaknesses identified. Progress will be monitored by Internal Audit and reported to the IJB and to the Council's Scrutiny & Audit Committee.
- Work continues to ensure that governance, scrutiny and performance management arrangements in respect of Angus Health & Social Care Partnership and AngusAlive are fully embedded and effective. (2017/18 Action Plan 2)
- Work is in progress to review management structures and remuneration to reflect a leaner, clearer organisational structure. The review will include the identification of a single but appropriate and consistent approach to remuneration for Heads of Service and Chief Officer graded Service Manager posts. (2017/18 Action Plan 3)
- An internal audit review of Staff Appraisal and Development concluded that the management of the current scheme is not adequate. In many cases, staff appraisals had not been completed and there was no process in place to monitor the completion of appraisal meetings. The report included five level 1 (highest priority) recommendations. Improvement actions were agreed with management and Internal Audit also noted that the new approach to appraisals, currently being piloted, is expected to address the concerns raised in the report. (2017/18 Action Plan 4)
- The [report on the 2016 Best Value audit of Angus Council](#) was published in October 2016. The report's findings were discussed at Council meetings in September and October 2016. The findings were taken in to account in the development of the new Council Plan. (Report 276/17 to Angus Council, September 2017.) The Best Value report highlighted the need for an increased pace and scale of change. Action has been taken to address this and regular reports on the change programme have been submitted to Council, most recently report 278/17 in September 2017.

An update on the improvement actions identified in the 2015/16 Annual Governance Statement was reported to the Scrutiny & Audit Committee in June 2017.

Strategic Directors have identified improvements to governance arrangements within their own directorates but these are not considered material enough to affect the overall assessment of the Council being generally compliant with the requirements of our Local Code of Corporate Governance.

## Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Angus Council's systems of governance and that the annual review demonstrates compliance with the core principles of good governance.

Margo Williamson		Councillor Robert Myles
Chief Executive		Leader of the Council
28 September 2017		28 September 2017

## Angus Council Remuneration Report 2016/17

### Background

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (“The 2014 Regulations”) require local authorities to prepare a Remuneration Report as part of the annual statutory accounts.

In accordance with this requirement this report sets out:-

- The remuneration policy context for senior councillors and senior employees and the Council’s role in determining these;
- The number of employees whose remuneration was in excess of £50,000 per annum;
- The number and cost of exit packages agreed rising in bands of £20,000 up to £100,000 and bands of £50,000 thereafter;
- The remuneration and pension rights of senior councillors;
- The remuneration and pension rights of senior employees.

### Senior Councillors Remuneration Policy Context

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (“The 2007 Regulations”) and subsequent amendments to these. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Provost (the Civic Head), Senior Councillors or Councillors.

It should be noted that reference to “Senior Councillors” (upper case) within The 2007 Regulations is narrower than the use made of this term in The 2014 Regulations and thus for the purposes of this Remuneration Report reference to senior councillors (lower case) within this report (other than where reference is being made to The 2007 Regulations) also includes other senior posts such as the Leader, Provost, etc. A senior councillor within this Remuneration Report is therefore a councillor who holds a significant position of responsibility in the Council’s political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2016/17 the salary for the Leader of Angus Council is £33,789. The Regulations permit the council to remunerate one Civic Head. The regulations set out the maximum salary that may be paid to that Civic Head. Angus Council’s Civic Head (the Provost) is paid at 75% of the Leader of the Council’s salary (£25,341). The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration.

The 2007 Regulations also set out the salary that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum salary that may be paid to a Senior Councillor is 75% of the total salary of the Leader of the Council. The total of salaries that the Council may pay all of its Senior Councillors shall not exceed £274,521 and 13 in number. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council’s policy as it applied during 2016/17 was for the Conveners of the “main” committees to have salaries of £22,673 and the Vice Conveners of the “main” committees to have salaries of £18,095.

In addition to the Senior Councillors of the Council, the 2007 Regulations also set out the remuneration payable to councillors with the responsibility of a Convener or a Vice-Convener of a Joint Board. The 2007 Regulations require the remuneration to be paid by the Council of which the convener or vice-convener (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the convener or vice-convener being a member of the Local Government Pension Scheme. The Council can seek to be reimbursed by the Joint Board for any additional remuneration paid to the member from being a Convener or Vice-Convener of a Joint Board beyond that which they would receive from their role as a Senior Councillor or Councillor with their own local authority.

Angus Council’s remuneration scheme for councillors (which encompasses the salaries of all elected members including the Leader, Civic Head and Senior Councillors) was agreed at a meeting of the full Council on 15 May 2012, the minute of which is available under agenda item 6 at:-

<http://archive.angus.gov.uk/ccmeetings/minutes2012/AngusCouncil/15-05-12.pdf>

Following the change in the Council's committee structure to apply from 1 January 2014 a new remuneration structure was agreed at a Special meeting of Angus Council on the 19 November 2013, the minute of which is available under agenda item 7 at:-

<http://archive.angus.gov.uk/ccmeetings/minutes2013/AngusCouncil/sp19-11-13.pdf>

From 1 April 2016 there were 16 senior councillors as a result of the Council's committee structure. The remuneration paid to these councillors is detailed in table 4. The Regulations also permit the Council to pay contributions as required to the Local Government Pension Scheme in respect of those councillors who elect to become participants in the pension scheme.

In accordance with The 2007 Regulations an annual report is published on the Council website detailing the remuneration and expenses of all councillors. It is highlighted that a number of the expenses disclosed in that report are excluded from this Remuneration Report in accordance with the requirements of The 2014 Regulations.

#### Senior Employees Remuneration Policy Context

In accordance with The 2014 Regulations, the senior employees included in table 5 include any local authority employee:-

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the Authority (including activities involving the expenditure of money), during the year to which the Remuneration Report relates, whether solely or collectively with other persons;
- 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; or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The salaries of senior employees were set by the Council's Strategic Policy Committee with reference to the agreements of the Scottish Joint Negotiating Committee for Chief Officials. Following the change in the Council's committee structure applied from 1 January 2014 future salaries will be set by the Council's Policy and Resources and details of membership is available at:-

[http://www.angus.gov.uk/info/20086/council\\_committees\\_and\\_membership/191/policy\\_and\\_resources\\_committee](http://www.angus.gov.uk/info/20086/council_committees_and_membership/191/policy_and_resources_committee)

Senior employees may also have a contractual right of access to the Council's car lease scheme and where they are participating this is included within "non-cash expenses" together with any other benefits in kind. The remuneration information detailed in table 5 is, as required by The 2014 Regulations, relates to the total received by an individual while they are an incumbent of a senior employee post. Employees commencing or leaving employment during the course of the year and changes in expenses can therefore create distortions in the comparative figures between years. In light of this and for the purpose of clarity, detailed below are the salaries for 2015/16 and 2016/17 of the posts which are classed as senior employees of the Council.

Table 1

Post	Notes	2016/17 Salary £	2015/16 Salary £	Movement £
<b>Senior Management - Angus Council</b>				
Chief Executive	<b>Includes £9,216 Returning Officer Fees</b>	<b>136,466</b>	131,355	5,111
Strategic Director - Resources		<b>107,644</b>	106,578	1,066
Strategic Director - Children & Learning		<b>107,644</b>	106,578	1,066
Strategic Director - Communities		<b>107,644</b>	106,578	1,066
Head of Corporate Finance		<b>91,479</b>	90,574	905
Head of Legal & Democratic Services		<b>91,479</b>	90,574	905
Head of Children's Services & Chief Social Work Officer	<b>To 04/12/16</b>	<b>61,970</b>	90,574	} -
Head of Children and Young People Service & Chief Social Work Officer	<b>From 28/11/16</b>	<b>30,029</b>	0	} 1,425
<b>Total</b>		<b>734,355</b>	722,811	<b>11,544</b>
<b>Subsidiary Body: Angus Alive</b>				
Chief Executive	<b>From 26/11/15</b>	<b>87,890</b>	30,040	<b>n/a</b>



The post holder of Strategic Directorate – Children & Learning, is also the Council's Chief Education Officer, therefore the post of Head of Schools & Learning is not included in the above table of the Council's senior management.

### General Disclosure Of Employees By Remuneration Band

Table 6 shows the number of Council employees who received remuneration in excess of £50,000 per annum in 2015/16 and 2016/17 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

### Exit Packages

The code of practice introduced a requirement for authorities to report summary information in relation to exit packages. The table below sets out the relevant costs of departure that have been recognised in the financial statements in accordance with the Code's requirement on termination benefits. Included in this definition are the costs of voluntary redundancy, early retirements and ex gratia payments. Exit packages due to ill health retirements or departures are not termination benefits in accordance with the code and are therefore excluded.

Table 2 below discloses the number of relevant exit packages agreed during 2016/17 and their costs grouped in the relevant bandings.

Table 2

Banding by total cost of each exit package	Total Number Agreed		Pension Fund Strain & Redundancy Payments cost of exit packages in each band		Capitalised Added Years cost of exit packages in each band		Total cost of exit packages in each band	
	2016/17	2015/16	2016/17 £	2015/16 £	2016/17 £	2015/16 £	2016/17 £	2015/16 £
£ Up to 20,000	52	65	356,199	265,126	81,174	174,445	437,373	439,571
20,001 – 40,000	11	19	119,795	262,678	166,835	255,824	286,630	518,502
40,001 – 60,000	3	2	21,770	26,515	121,737	67,125	143,507	93,640
60,001 – 80,000	3	1	31,213	18,678	181,739	41,999	212,952	60,677
80,001 – 100,000	0	3	0	40,853	0	239,753	0	280,606
100,001 – 150,000	0	1	0	10,925	0	113,801	0	124,726
150,001 – 200,000	0	1	0	30,000	0	126,199	0	156,199
<b>Total</b>	69	92	528,977	654,775	551,485	1,019,146	1,080,462	1,673,921

The capitalised Added Years costs of the exit packages detail the estimated total amount payable for the period the employees' pensions are paid. This amount is not paid as a lump sum but monthly through the duration of the pension payments.

The Pension Fund Strain and Capitalised Added Years costs disclosed for both years are actuarial amounts provided by our Actuaries.

### Pension Benefits Policy Context

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). Teacher's benefits are provided through the Scottish Teachers' Superannuation Fund (STSF).

Councillors' and local government employees' pension benefits are based on career average pay. Their pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted by the change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the re-valued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

Normal Pension Age equals State Pension Age for benefits built up from 1st April 2016. From 1 April 2009 a tier contribution system was introduced for scheme participants. A participant's total contributions are based upon on how much of their pay falls into each tier and the rate applicable for that tier. The overall percentage paid by the employee is made up of an average of how much of their pay falls into the different bands. The bands for 2016/17 and 2015/16 are shown in table 3 below:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable By Councillors/ Employees 2016/17	Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2015/16
Up to £20,500	5.50%	Up to £20,500	5.50%
Over £20,500 and up to £25,000	7.25%	Over £20,500 and up to £25,000	7.25%
Over £25,000 and up to £34,400	8.50%	Over £25,000 and up to £34,400	8.50%
Over £34,400 and up to £45,800	9.50%	Over £34,400 and up to £45,800	9.50%
Over £45,800	12.00%	Over £45,800	12.00%

Further information on the LGPS can be found at:-

[http://www.sppa.gov.uk/index.php?option=com\\_content&view=article&id=428&Itemid=7](http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=428&Itemid=7)

The pension benefits in respect of those senior councillors who take part in the LGPS are detailed in table 7 while those in respect of senior employees are detailed in table 8.

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 (in respect of post 1 April 2009 accrued benefits only); 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 total local government service with Angus Council (and its predecessors) or has transferred into the Fund from another employer. It is highlighted, however, that the pension benefits arising from any additional voluntary contributions undertaken by the individual are excluded from the figures shown in the Appendices in accordance with The 2014 Regulations.

#### Audit Review

All information disclosed within the tables in the report and the Appendices in this Remuneration Report is audited by the Council's appointed External Auditors. The other sections of the Remuneration Report are reviewed by the External Auditors to ensure that they are consistent with the financial statements.

Margo Williamson		Councillor Robert Myles
Chief Executive		Leader of the Council
28 September 2017		28 September 2017

**Remuneration of Senior Councillors (1 April 2016 to 31 March 2017)**

Table 4

The following table provides details of the remuneration paid to Angus Council's councillors who held senior roles in 2016/17.

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2016/17 Salary, fees & allowances £	2016/17 Taxable Expenses £	2016/17 Non-cash expenses £	2016/17 Total £	2015/16 Total £
Depute Provost/Convener of Scrutiny & Audit	B Boyd	From 08/12/16	19,512	0	0	19,512	18,074
Vice-Convener of Children & Learning / Development & Enterprise Spokesperson.	L Devine	From 16/6/16	21,707	0	0	21,707	18,074
Finance Convener / Vice-Convener of Development Standards	B Duff	From 09/02/17	18,735	0	0	18,735	18,074
Vice-Convener of Civic Licensing	C Fotheringham	-	18,095	0	0	18,095	18,074
Leader of the Council / Convener of Policy & Resources	I Gaul	-	33,789	0	0	33,789	33,454
Vice-Convener of Communities	J Gaul	2	16,893	0	0	16,893	16,726
Vice-Convener of Tayside Joint Valuation Board	J Houston	1	20,063	0	0	20,063	19,864
Provost / Civic Head	A King	From 08/12/16	23,499	0	0	23,499	22,449
Social Work and Health Spokesperson	G Middleton	-	22,673	0	0	22,673	22,449
Convener of Communities	D Morrison	-	22,673	0	0	22,673	22,449
Convener of Development Standards	R Murray	-	22,673	0	0	22,673	22,449
Civic Head (Provost)	H Oswald	To 13/10/16	13,608	0	0	13,608	25,090
Vice-Convener of Scrutiny and Audit	D Cheape	From 08/12/16	5,741	0	0	5,741	-

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2016/17 Salary, fees & allowances £	2016/17 Taxable Expenses £	2016/17 Non-cash expenses £	2016/17 Total £	2015/16 Total £
Convener of Scrutiny & Audit	B Spink	To 08/09/16	10,001	0	0	10,001	22,449
Depute Leader / Vice-Convener of Policy & Resources	P Valentine	-	25,341	0	0	25,341	25,090
Convener of Children & Learning	S Welsh	-	22,673	0	0	22,673	22,449
	TOTAL	-	317,676	0	0	317,676	327,214

Notes:

1. £3,170 of the remuneration relates to the councillor's responsibility as Vice Convener of Tayside Valuation Board and this is paid by the Joint Board rather than the Council
2. Councillors who hold a senior position but are not senior councillors (as defined by legislation) and were therefore not remunerated as such

**Remuneration of Senior Employees**

Table 5

The following table provides details of the remuneration paid to Angus Council's senior employees.

Post	Senior Employee	Note	2016/17 Salary, fees & allowances £	2016/17 Taxable Expenses £	2016/17 Non-cash expenses £	2016/17 Total Remuneration £	2015/16 Total Remuneration £
Chief Executive	R Stiff	1	127,250	9,216	0	136,466	131,355
Strategic Director – Resources	M Armstrong		107,644	0	0	107,644	106,578
Strategic Director – Children & Learning	M Williamson	5	107,644	0	0	107,644	106,578
Strategic Director - Communities	A McKeown	6	107,644	0	0	107,644	111,179
Head of Corporate Finance	I Lorimer		91,479	0	0	91,479	90,574
Head of Legal & Democratic Services	S Hunter		91,479	0	0	91,479	90,574
Head of Children's Services & Chief Social Work Officer	T Armstrong	2	61,970	0	0	61,970	} 90,574
Head of Children and Young People Service & Chief Social Work Officer	K Lindsay	3	30,029	0	0	30,029	} -
<b>Total</b>			<b>725,139</b>	<b>9,216</b>	<b>0</b>	<b>734,355</b>	<b>727,412</b>
<b>Subsidiary Body: Angus Alive</b>							
Chief Executive	K Hunter	4	87,890	0	0	87,890	30,040

Notes:

1. The £9,216 relates to Returning Officer duty payments
2. Left Council employment 04/12/2016
3. Commenced employment on 28/11/2016
4. Commenced ANGUSalive employment 26/11/2015
5. As noted after table 1 above, the role of the Council's Chief Education Officer is undertaken by the Strategic Director – Children & learning. The post of Head of Schools & Learning is subsequently not included in table 5
6. In 2015/16 includes non-cash expenses £4,601

**General Disclosure Of Employees By Remuneration Band**

The following table details the number of employees whose remuneration was in excess of £50,000 per annum. The employee figures include local government employees (LGE), those remunerated under the Scottish Negotiating Committee for Teachers (SNCT) and chief officials (CO) (based upon the post the employee occupied at 31 March). The figures therefore include those senior employees on which additional remuneration information is provided in Table 5.

Remuneration Band	2016/17	2016/17	2016/17	2016/17
	LGE	SNCT	CO	TOTAL
£50,000 - £54,999	7	50	0	57
£55,000 - £59,999	7	15	0	22
£60,000 - £64,999	0	0	7	7
£65,000 - £69,999	0	2	6	8
£70,000 - £74,999	0	1	1	2
£75,000 - £79,999	0	4	2	6
£80,000 - £84,999	0	0	1	1
£85,000 - £89,999	0	0	4	4
£90,000 - £94,999	0	0	3	3
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	1	3	4
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	1	1
<b>Total</b>	<b>14</b>	<b>73</b>	<b>28</b>	<b>115</b>

Remuneration Band	2015/16	2015/16	2015/16	2015/16
	LGE	SNCT	CO	TOTAL
£50,000 - £54,999	0	37	0	37
£55,000 - £59,999	7	12	0	19
£60,000 - £64,999	3	0	9	12
£65,000 - £69,999	0	4	5	9
£70,000 - £74,999	0	3	0	3
£75,000 - £79,999	2	2	4	8
£80,000 - £84,999	0	0	0	0
£85,000 - £89,999	0	1	5	6
£90,000 - £94,999	0	0	3	3
£95,000 - £99,999	0	0	1	1
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	0	2	2
£110,000 - £114,999	0	0	1	1
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	1	1
£135,000 - £139,999	0	0	0	0
<b>Total</b>	<b>12</b>	<b>59</b>	<b>31</b>	<b>102</b>

**Pension Benefits – Senior Councillors**

Fourteen of the sixteen senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2017 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

Responsibility 16/17	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/17 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/16 £	Accrued Pension Benefit at 31/3/17 £000s	Accrued Pension Benefit at 31/3/17 lump sum £000s	Accrued Pension Benefit Movement from 31/3/16 £000s	Accrued Pension Benefit Movement from 31/3/16 lump sum £000s
Vice Convener of Scrutiny & Audit / Depute Provost	B Boyd	-	3,317	3,073	2	0	0	0
Vice-Convener of Children & Learning / Development & Enterprise Spokesperson	L Devine	-	3,690	3,073	2	0	0	0
Finance Convener / Vice-Convener of Development Standards	B Duff	-	3,185	3,073	2	0	1	0
Vice-Convener of Civic Licensing	C Fotheringham	-	3,076	3,073	2	0	1	0
Leader of the Council / Convener of Policy & Resources	I Gaul	-	5,744	5,687	5	2	0	0
Vice-Convener of Communities	J Gaul	-	2,872	2,843	2	0	1	0
Vice Convener of Tayside Joint Valuation Board	J Houston	-	3,411	3,377	2	0	1	0
Provost / Civic Head	A King	-	3,995	3,816	5	2	0	0
Social Work & Health Spokesperson	G Middleton	-	3,854	3,816	2	0	0	0

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Responsibility 16/17	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/17 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/16 £	Accrued Pension Benefit at 31/3/17 £000s	Accrued Pension Benefit at 31/3/17 lump sum £000s	Accrued Pension Benefit Movement from 31/3/16 £000s	Accrued Pension Benefit Movement from 31/3/16 lump sum £000s
Convener of Development Standards	R Murray	-	3,854	3,816	4	2	1	0
Provost / Civic Head	H Oswald	To 13/10/2016	2,313	4,265	-	-	-	-
Depute Leader / Vice-Convener of Policy & Resources	P Valentine	-	4,308	4,265			1	0
Convener of Children & Learning	S Welsh	-	3,854	3,816		2	0	0
Vice-Convener of Scrutiny and Audit	D Cheape	-	976	0 <sup>4</sup>	0 <sup>2</sup>		0	0
	<b>TOTAL</b>		<b>48,449</b>	<b>47,993<sub>4</sub></b>	<b>36</b>	<b>10</b>	<b>6</b>	<b>0</b>

0



**Pension Benefits – Senior Employees**

The pension entitlements of senior employees for the year to 31 March 2017 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year. It is highlighted that the pension contributions relate to only those made when an individual has been an incumbent of a senior employee post. All senior employees shown in the table are members of the Tayside Pension Fund and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total local government service, in whichever post(s), with Angus Council (and its predecessors) or has transferred into the Fund from another employer.

Post	Senior Employee	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/17 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/16 £	Accrued Pension Benefit at 31/3/17 £000s	Accrued Pension Benefit at 31/3/17 lump sum £000s	Accrued Pension Benefit movement from 31/3/16 £000s	Accrued Pension Benefit movement from 31/3/16 lump sum £000s
Chief Executive	R Stiff	21,633	21,418	86	0	2	0
Strategic Director - Resources	M Armstrong	18,300	18,118	32	50	2	1
Strategic Director – Children & Learning	M Williamson	18,300	18,118	49	4	3	0
Strategic Director - Communities	A McKeown	18,300	18,118	35	58	3	1
Head of Corporate Finance	I Lorimer	15,551	15,398	35	67	2	0
Head of Legal & Democratic Services	S Hunter	15,551	15,398	36	71	2	0
Head of Children's Services & Chief Social Work Officer	T Armstrong*	10,535	15,398	31	57	1	0
Head of Children & Young People Services & Chief Social Work Officer	K Lindsay**	5,105	0	18	23	-	-
	<b>TOTAL</b>	<b>123,275</b>	<b>121,966</b>	<b>322</b>	<b>330</b>	<b>15</b>	<b>2</b>
<b>Subsidiary Body: Angus Alive</b>							
Chief Executive	K Hunter***	14,941	5,107	2	0	-	-

## Notes:

\* Left Council employment 04/12/2016

\*\* Commenced Council employment 28/11/2016

\*\*\* Commenced ANGUSalive employment 26/11/2015

## THE STATEMENT OF RESPONSIBILITIES

### The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Head of Corporate Improvement and Finance.
- 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 so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- I confirm that these Annual Accounts were approved for signature by the Scrutiny & Audit Committee at its meeting on 26 September 2017.

Signed on behalf of Angus Council

Councillor Robert Myles  
Leader of the Council  
28 September 2017

### The Head of Corporate Finance's Responsibilities

The Head of Corporate Finance is responsible for the preparation of the authority'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 (the Accounting Code).

In preparing the Annual Accounts, the Head of Corporate Finance, 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).

The Head of Corporate Finance has also:

- 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 statement of accounts give a true and fair view of the financial position of the local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2017.

Ian Lorimer CPFA  
Head of Corporate Finance  
28 September 2017

**Movement in Reserves Statement as at 31 March 2017**

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net increase /decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The General Fund Balance shown includes some smaller reserves balances further detail of which is included in Note 6.

	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Capital Receipts Reserve	Other Statutory Reserves			Total Usable Reserves	Unusable Reserves	Total Council Reserves
					Renewal & Repair Fund	Capital Fund	Insurance Fund			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015	24,195	3,563	180	49	3,080	867	836	32,770	381,996	414,766
<b><u>Movement in reserves during 2015/16</u></b>										
Surplus or (deficit) on provision of services	11,664	(2,759)	0	0	0	0	0	8,905	0	8,905
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	44,327	44,327
<b>Total Comprehensive Expenditure and Income</b>	<b>11,664</b>	<b>(2,759)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,905</b>	<b>44,327</b>	<b>53,232</b>
Adjustments between accounting & funding basis under regulations (Note 5)	(3,077)	4,838	150	245	0	(350)	0	1,806	(1,806)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>8,587</b>	<b>2,079</b>	<b>150</b>	<b>245</b>	<b>0</b>	<b>(350)</b>		<b>10,711</b>	<b>42,521</b>	<b>53,232</b>
Transfers to/from Earmarked Reserves (Note 6)	(2,587)	49	0	0	40	2,261	237	0	0	0
<b>Increase/Decrease in Year</b>	<b>6,000</b>	<b>2,128</b>	<b>150</b>	<b>245</b>	<b>40</b>	<b>1,911</b>	<b>237</b>	<b>10,711</b>	<b>42,521</b>	<b>53,232</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>30,195</b>	<b>5,691</b>	<b>330</b>	<b>294</b>	<b>3,120</b>	<b>2,778</b>	<b>1,073</b>	<b>43,481</b>	<b>424,517</b>	<b>467,998</b>
<b><u>Movement in reserves during 2016/17</u></b>										
Surplus or (deficit) on provision of services	(13,940)	(4,180)	0	0	0	0	0	(18,120)	0	(18,120)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(60,831)	(60,831)
<b>Total Comprehensive Expenditure and Income</b>	<b>(13,940)</b>	<b>(4,180)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,120)</b>	<b>(60,831)</b>	<b>(78,951)</b>
Adjustments between accounting & funding basis under regulations (Note 5)	12,214	3,111	(131)	2,062	0	(1,982)	0	15,274	(15,274)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(1,726)</b>	<b>(1,069)</b>	<b>(131)</b>	<b>2,062</b>	<b>0</b>	<b>(1,982)</b>	<b>0</b>	<b>(2,846)</b>	<b>(76,105)</b>	<b>(78,951)</b>
Transfers to/from Earmarked Reserves (Note 6)	(2,204)	300	0	0	856	1,016	208	176	0	176
<b>Increase/Decrease in Year</b>	<b>(3,930)</b>	<b>(769)</b>	<b>(131)</b>	<b>2,062</b>	<b>856</b>	<b>(966)</b>	<b>208</b>	<b>(2,670)</b>	<b>(76,105)</b>	<b>(78,775)</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>26,265</b>	<b>4,922</b>	<b>199</b>	<b>2,356</b>	<b>3,976</b>	<b>1,812</b>	<b>1,281</b>	<b>40,811</b>	<b>348,412</b>	<b>389,223</b>

**Comprehensive Income and Expenditure Statement for the year 31 March 2017**

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2015/16				2016/17			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
5,790	(1,913)	3,877	Chief Executives	6,530	(1,937)	4,593	4,977
123,723	(6,044)	117,679	Children & Learning	135,131	(6,360)	128,771	132,177
67,765	(18,967)	48,798	Adult Services	113,602	(67,907)	45,695	45,695
115,224	(52,399)	62,825	Communities	104,030	(48,400)	55,630	57,744
15,084	(3,916)	11,168	Resources	16,028	(4,323)	11,705	12,495
703	(10)	693	Transforming Angus	851	0	851	954
1,530	(4,784)	(3,254)	Other Services	8,182	(3,767)	4,415	4,733
698	0	698	Joint Boards	798	0	798	750
330,517	(88,033)	<b>242,484</b>	<b>General Fund Net Expenditure</b>	<b>385,152</b>	<b>(132,694)</b>	<b>252,458</b>	<b>259,448</b>
29,110	(27,176)	1,936	Housing Revenue Account	30,137	(28,093)	2,044	3,188
359,627	(115,209)	<b>244,418</b>	<b>Cost Of Services</b>	<b>415,289</b>	<b>(160,787)</b>	<b>254,502</b>	<b>262,636</b>
		3,489	Other Operating Expenditure (Note 7)			2,576	
		18,761	Financing and Investment Income and Expenditure (Note 8)			19,012	
		(275,573)	Taxation and Non-Specific Grant Income (Note 9)			(257,970)	
		<b>8,905</b>	<b>Surplus or (Deficit) on Provision of Services</b>			<b>(18,120)</b>	
		16,324	Surplus or (deficit) on revaluation of non-current assets			1,579	
		(244)	Impairment losses on non-current assets charged to the revaluation reserve			(62)	
		28,143	Re-measurements of the net pensions liability			(62,348)	
		104	Other Unrealised gains/(losses)			0	
		<b>44,327</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(60,831)</b>	
		<b>53,232</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(78,951)</b>	

Adult Services (JJB) expenditure and income above have been grossed up in accordance with financial reporting treatment.

**Balance Sheet as at 31 March 2017**

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

31/3/2016 £000		Notes	31/3/2017 £000
796,227	Property, Plant & Equipment	13	821,799
5,770	Heritage Assets	14	5,770
1,536	Investment Property	15	1,536
94	Intangible Assets	16	47
90	Assets Held for Sale	17	90
0	Long Term Investments		0
6,767	Long Term Debtors	18	6,055
810,484	<b>Long Term Assets</b>		<b>835,297</b>
35,465	Short Term Investments		40,468
686	Inventories	19	345
21,717	Short Term Debtors	20	22,905
9,984	Cash and Cash Equivalents	21	6,465
0	Assets held for Sale	17	0
67,852	<b>Current Assets</b>		<b>70,183</b>
0	Cash and Cash Equivalents		0
0	Provisions		0
(9,941)	Short Term Borrowing		(10,075)
(38,019)	Short Term Creditors	22	(41,473)
(47,960)	<b>Current Liabilities</b>		<b>(51,548)</b>
(93)	Provisions	23	0
(155,254)	Long Term Borrowing		(154,507)
(124,665)	Pension Liability	31	(197,186)
(82,366)	Other Long Term Liabilities		(113,016)
(362,378)	<b>Long Term Liabilities</b>		<b>(464,709)</b>
467,998	<b>Net Assets</b>		<b>389,223</b>
43,481	Usable Reserves	6, 25	40,811
424,517	Unusable Reserves	26	348,412
467,998	<b>Total Reserves</b>		<b>389,223</b>

The accounts were issue for audit on 30 June 2017 and the audited accounts were authorised for issue by the Head of Corporate Finance on the 26 September 2017.

Ian Lorimer CPFA  
Head of Corporate Finance  
26 September 2017

**Cash Flow Statement as at 31 March 2017**

This Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital i.e. borrowing, to the Council.

2015/16 £000		Notes	2016/17 £000
8,905	Net surplus or (deficit) on the provision of services		(18,120)
53,862	Adjustment to surplus or deficit on the provision of services for non cash movements		62,470
(27,660)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(19,162)
35,107	<b>Net Cash flows from Operating Activities</b>	32	<b>25,188</b>
(27,838)	Net Cash flows from Investing Activities	33	(26,525)
(3,348)	Net Cash flows from Financing Activities	34	(2,182)
3,921	<b>Net increase or decrease in cash and cash equivalents</b>		<b>(3,519)</b>
6,063	Cash and cash equivalents at the beginning of the reporting period		9,984
9,984	<b>Cash and Cash equivalents at the end of the reporting period</b>	21	<b>6,465</b>

## Note 1 – Statement of Accounting Policies

### A(i). General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, with Section 12 of the Local Government in Scotland Act 2003 requiring them 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 2016/17 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### A(ii). Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### B. Disposal of Operations

Activities are considered to be 'discontinued' where they meet all of the following conditions:-

- The sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the accounting period or before the earlier of: three months after the commencement of the subsequent accounting period; or the date on which the draft financial statements are issued;
- If a termination, the former activities have ceased permanently;
- The sale or termination has a material effect on the nature and focus of the Council's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the Council's continuing operations; and
- The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Income and expenditure directly related to discontinued operations is shown separately on the face of the Comprehensive Income & Expenditure Statement (CIES) under the heading of discontinued operations. Liabilities relating to discontinued operations are disclosed separately in a note to the Balance Sheet.

### **C. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable on demand without penalty, on notice of not more than 24 hours or 1 working day.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. In this regard, fixed term deposits are not highly liquid and are not readily convertible to cash and are therefore not cash equivalents, regardless of the period remaining to maturity at the balance sheet date - unless a particular deposit matures on the next working day following the balance sheet date. Notice accounts are considered to be fixed deposits for the purposes of treatment under this policy.

Bank overdrafts, where evident, are considered to be an integral part of the Council's cash management and are thus included within cash and cash equivalents.

### **D. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

#### General

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### Common Good

Following exercises to review legal titles, etc. there are occasions when it is necessary for the transfer of assets between the General Fund and Common Good accounts and vice versa. Each transfer between the Common Good and the General Fund, and vice versa, will be considered on a case by case basis. For current year transfers, accounting adjustments will be made effective on the date of the transfer. Where the actual transfer has occurred in a previous year but has not been identified until a later year, the accounting adjustments will be made on 1 April in the year that the asset transfer is identified. Prior year financial adjustments will only be made if they are considered material in relation to the Common Good assets for the relevant Fund.

#### Restatements

Where appropriate prior year information will be restated in order to reflect the incumbent guidance and legislation. In addition restatements will take place when it is deemed that this will make a material improvement to the information included in the accounts. All restatements will be applied within the context of the Council's accounting policies. No restatements have been made to the 2015/16 figures.

### **E. Charges to Revenue for Non-Current Assets**

Services and support services are debited with the following amounts, where applicable, to record the cost of holding non-current 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; and
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment or revaluation losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement and does so through loans fund principal charges. Depreciation, impairment losses and amortisations are therefore replaced by capital financing charges in the General Fund and Housing Revenue Account Balances. This is achieved by way of an adjusting transaction in the Capital Adjustment Account in the Movement in Reserves Statement based upon the difference between the two figures.



## F. Employee Benefits

### Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees that fall due wholly within 12 months after the end of the period in which the employees render the related service, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to Other Services line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post Employment Benefits

Employees of the Council are members of two separate pension schemes:-

- a) The Scottish Teachers' Pension Fund is administered by the Scottish Public Pensions Agency (SPPA); and
- b) The Local Government Pensions Scheme, administered by Dundee City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as employees accumulate qualifying service for the Council.

- a) Scottish Teachers Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. In light of this no liability for future payments of benefits is recognised in the Balance Sheet and the education service line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable to Scottish Teachers Pension Fund in the year.

- b) The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:-

- The liabilities of the Tayside Pension Fund pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds; and
- The assets of the Tayside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value based upon the following:-
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price; and
  - property – market value.

The change in the net pension liability is analysed into seven components:-

- current service cost – the increase in liabilities as a result of years of service earned this year. These are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked at 31 March;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Other Services;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. These are debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. These are credited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains / losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. These are debited / credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Other Services;
- re-measurements of the net pension liability – 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. These are debited to the Pensions Reserve; and
- contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense within the Comprehensive Income & Expenditure Statement, rather per IAS 19 the increase or decrease in pension cost liability is shown. This is offset through the Movement on Reserve Statement.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### **G. Events After the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, a disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **H. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and then carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability,

multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount can be deducted from or added to the amortised cost of the new or modified loan. Any such adjustment is then written out through the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement over the life of the new / modified loan by adjusting the interest rate of the new / modified loan to an "effective interest rate". The Council's policy in respect of debt restructuring however is not to amortise any resulting premium or discount, but to debit/credit these in full to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of restructuring.

Where premiums and discounts were incurred prior to 1 April 2006 and were scheduled to be charged to the Comprehensive Income and Expenditure Statement on an amortised basis, regulations allow the impact on the General Fund Balance to continue to be spread over future years and this is applied by the Council.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **I. Financial Assets**

### Loans and Receivables

These are assets which have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. In subsequent years they are measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where soft loans (loans at less than market rates) are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the debtor, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. In light of this the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### Available-for-Sale Assets

These are assets which have a quoted market price and / or do not have fixed or determinable payments.

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at, and thereafter carried at, fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable

are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:-

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus / Deficit on Revaluation of Available-for-Sale. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains / losses previously recognised in the Statement of Recognised Gains and Losses.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

#### **J. Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### **K. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:-

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the person or body providing the grant or contribution.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

#### **L. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### **M. Interests in Companies and Other Entities**

The Council has material interests in other entities that have the nature of subsidiaries, associates and jointly controlled entities which require the preparation of group accounts. Group accounts are included after the Council's own single-entity accounts which record the extent of financial interest in other entities.

#### **N. Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

#### **O. Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### **P. Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken in conjunction with other ventures that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council would recognise on its Balance Sheet the assets that it controls and the liabilities that it incurs and would debit and credit the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by other venturers, with the assets being used to obtain benefits for the venturers. The joint venture would not involve the establishment of a separate entity. The Council would account for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

#### **Q. Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The Council as Lessee

##### *Finance Leases*

Property, plant and equipment held under finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a Long Term Liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:-

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance. This is achieved by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement based upon the difference between the two figures.

##### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on the basis of the actual charge due for the year under the terms of the lease. Initial direct costs incurred in negotiating and arranging the lease are charged as an expense in the year incurred.

#### The Council as Lessor

##### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is removed from Non Current Assets (Property, Plant & Equipment or Assets Held for Sale) and a Long Term Debtor created to recognise the finance lease asset.

Lease rentals receivable are apportioned between:-

- income towards the lessee's acquisition of interest in the asset – applied to write down the Long Term Debtor; and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

##### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited as income to the services that hold the item of property, plant or equipment. Income is credited on the basis of the actual income due for the year under the terms of the lease. Initial direct costs incurred in negotiating and arranging the lease are charged as an expense in the year incurred.

#### **R. Overheads**

The costs of overheads 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).

### S. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:-

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:-

- infrastructure, community assets and assets under construction – depreciated historical cost;
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH); or
- all other assets – fair value, determined using the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

For non-property assets that have short useful lives or low values (or both), the depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

Assets are assessed at each year-end as to whether there is any indication that they 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 for the shortfall.

Where impairment losses are identified, they are accounted for by:-

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in 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.

### Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. Receipts received are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Usable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement. It is the Council's policy to fully utilise receipts to reduce borrowing in the year they are received unless formally approved otherwise.

The written-off value of disposals is not a charge against council tax, as the cost of Non Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is not charged in the year of acquisition but thereafter the straight line method of depreciation is applied where appropriate. An exception is made for assets without a determinable finite useful life (ie, freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:-

Asset Category	Depreciation Bases	Useful Life
Council Dwellings	Straight – line allocation over the useful life	50 years
Other Buildings	Straight – line allocation over the useful life estimated by valuer	Maximum of 60 years, determined by valuer
Vehicle & Equipment	Straight – line allocation over its useful life	4-10 years varies depending on class of asset
Infrastructure	Straight – line allocation	20 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Componentisation

Componentisation refers to accounting separately for the different component parts of assets, particularly for depreciation purposes.

#### Criteria for Assessment for Componentisation

An individual asset will only be considered for componentisation if it meets the following criteria:

- It is an operational asset (assets under construction will only be considered once they become operational)
- It has an overall asset value exceeding £1.5m at the balance sheet date
- It has an overall remaining useful life exceeding 25 years at the balance sheet date

Assets not meeting the above criteria will not be split into components and will be treated as a single asset for fixed asset accounting purposes.



### Asset Components

Assets which meet the criteria for assessment will be split into their significant components where these have substantially different useful economic lives.

Council dwellings are valued as beacons and each beacon will be treated as an individual asset and therefore componentised based on the components set out below.

In this regard, the following components have been established:

Component		Useful Life	% of Valuation
Land	Land	N/A	N/A
Building	Substructure, superstructure and internal finishes	60 years	35%
Fittings	Windows, roof covering, services, internal fittings	20 years	50%
External Works		30 Years	15%

The above component split should apply to the majority of property assets meeting the criteria for assessment, but each asset will be reviewed by Angus Council and the external valuer. If the above split is not considered appropriate, further steps will be taken to establish appropriate alternative components.

Component categories for other assets will be considered as necessary, but will follow the principles of the categories outlined above.

Where an individual component is subsequently replaced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount. In relation to Council dwellings, components replaced will not be derecognised as the values to be removed would be insignificant.

### **T. Heritage Assets**

The council holds and conserves heritage assets for future generations in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the area of Angus.

All Heritage Assets will be recorded within catalogues or inventories held by the Council with only the assets having a fair value of £100,000 or more being recognised and recorded on the balance sheet in accordance with the Authority's policy on Heritage Assets.

The figures disclosed in the balance sheet are based on the assessment used for Insurance purposes by the Council. Any increase or decrease in these values will be charged to either a previous revaluation reserve or to the Comprehensive Income & Expenditure Statement.

An impairment review will be conducted every year and if there is any indication that material differences are estimated these will be treated in accordance with the property, plant and equipment policy on impairments.

It is not normal for the Council to dispose of Heritage Assets but if this is the case these disposals will be treated in accordance with the Council's general policy in relation to the disposal of property, plant and equipment.

Depreciation is not applied to Heritage Assets as it is considered these all have indefinite lives.

### **U. Private Finance Initiative (PFI), Public Private Partnership (PPP) and Similar Contracts**

These contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under its schemes and as ownership of the property, plant and equipment either remains with the Council or will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the operators each year are analysed into five elements:-

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

## **V. Provisions, Contingent Liabilities and Contingent Assets**

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that is likely to require settlement by a transfer of economic benefits or service potential and where a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service where there is certainty that reimbursement will be receivable if the Council settles the obligation.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **W. Reserves**

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/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 council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council.

## **X. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **Y. Value Added Tax (VAT)**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

## **Note 2 - Accounting Standards Issued, but Have not Yet Been Adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/18 Code:

- **Amendment to reporting of pension fund scheme transaction costs:** This change requires the format to be consistent with the new 2015 Pensions Statement of Recommended Practice. There will be no material impact on the Council's accounts as a result of the change,
- **Amendment to reporting of investment concentration (Defined Benefit Plans):** The amendments are in line with accounting policies already used by local authorities. Therefore there is no new effect on the Council's accounts as a result of this change.

In all cases detailed above, implementation is required from 1 April 2017 or beyond, meaning that there is no impact on the 2016/17 financial statements.

## **Note 3 - Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

### **Future Grant Funding**

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and to reduce levels of service provision.

### **Employee Benefits**

The accrual in relation to employee benefits is estimated on the basis of sampled information provided by managers regarding outstanding annual leave and flexible working hours.

### **Assessment of Leases**

Leases are assessed under IFRS as being operating or finance leases, which determines their accounting treatment. The assessment process for undertaking categorisation is based on subjective criteria. However, a standard approach has been taken to each assessment in order to ensure a consistent treatment in the accounts.

### **Council Tax Provision**

The bad debts provision is based on an average of the lowest five collection years since 1992/93. This careful and prudent approach protects against any significant detrimental changes to payment patterns

### **Council House Valuation**

The valuation of the Council's housing stock is undertaken on the basis of a beacon approach. Through this approach only a limited number of representative houses are valued and the total stock valuation is extrapolated from this.

## **Note 4 - Assumptions made about the Future and other Major Sources of estimation certainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by Angus Council 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 items in the Authority's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	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 assets. The current economic climate makes it uncertain that the Authority 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 assets falls. It is estimated that the annual depreciation charge for buildings would increase for every year that useful lives had to be reduced.
Pensions Liability	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. A firm of consulting actuaries is engaged to provide the Tayside Pension Fund with expert advice about the assumptions to be applied.	The Pension liability assumptions interact in complex ways. During 2016/17, the Authority's actuaries advised that the net pension's liability had increased by £72.521 million.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

#### Note 5 – Expenditure Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Charges for depreciation and impairment of non-current assets	27,316	12,377	0	0	0	0	0	(39,693)
Revaluation losses on property Plant and Equipment	3,227	0	0	0	0	0	0	(3,227)
Movements in the market value of Investment Properties	0	0	0	0	0	0	0	0
Amortisation of intangible assets	47	0	0	0	0	0	0	(47)
Capital grants and Contributions applied	(13,503)	(2,012)	0	0	0	0	0	15,515
Revenue expenditure funded from capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	219	2,357	0	0	0	0	0	(2,576)

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Statutory provision for the financing of capital investment	(9,615)	(2,541)	0	0	0	0	0	12,156
Capital expenditure charged against the General Fund and HRA balances - CFCR	(5,588)	(7,435)	0	0	0	0	0	13,023
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	19	0	0	0	0	(19)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(150)	0	0	0	0	150
<b>Adjustments primarily involving the Capital Receipts Reserve</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	2,062	0	(1,982)	0	(80)
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(143)	0	0	0	0	0	0	143
<b>Adjustments primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	9,808	365	0	0	0	0	0	(10,173)

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Adjustment primarily involving the Accumulated Absences Account:</b>								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	446	0	0	0	0	0	0	(446)
<b>Total Adjustments</b>	<b>12,214</b>	<b>3,111</b>	<b>(131)</b>	<b>2,062</b>	<b>0</b>	<b>(1,982)</b>	<b>0</b>	<b>(15,274)</b>

**Note 5 - Comparative Figures in 2015/16**

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	28,774	12,012	0	0	0	0	0	(40,786)
Revaluation losses on property Plant and Equipment	(983)	0	0	0	0	0	0	983
Movements in the market value of Investment Properties	0	0	0	0	0	0	0	0
Amortisation of intangible assets	47	0	0	0	0	0	0	(47)
Capital grants and Contributions applied	(23,382)	(2,140)	0	0	0	0	0	25,522
Revenue expenditure funded from capital under statute	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,199	1,290	0	0	0	0	0	(3,489)
<b>Insertion if items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Statutory provision for the financing of capital investment	(8,769)	(396)	0	0	0	0	0	9,165
Capital expenditure charged against the General Fund and HRA balances - CFCR	(6,537)	(6,188)	0	0	0	0	0	12,725

<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Inc/Exp Statement	0	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	150	0	0	0	0	(150)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	3	0	0	0	(3)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	242	0	(350)	0	108
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(205)	0	0	0	0	0	0	205
<b>Adjustments primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,191	259	0	0	0	0	0	(6,450)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(412)	1	0	0	0	0	0	411
<b>Total Adjustments</b>	<b>(3,077)</b>	<b>4,838</b>	<b>150</b>	<b>245</b>	<b>0</b>	<b>(350)</b>	<b>0</b>	<b>1,806</b>

**Note 6 - Transfers to/from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/17.

	Opening Balance at 1/4/16 £000	Transfer Out 16/17 £000	Transfers In 16/17 £000	Closing Balance at 31/3/17 £000
<b>Usable Reserves</b>				
General Fund:	29,609	(14,231)	10,285	25,663
Car Parking Reserve	59	0	0	59
Arbroath Harbour Reserve	251	0	13	264
Specific Reserves	276	0	3	279
<b>Sub Total General Fund</b>	30,195	(14,231)	10,301	26,265
Housing Revenue Account	5,691	(769)	0	4,922
<b>Total General Fund</b>	35,886	(15,000)	10,301	31,187
<b>Insurance Fund</b>	1,073	0	208	1,281
<b>Renewal and Repairs Fund</b>	3,120	(2,101)	2,957	3,976
<b>Capital Fund</b>	2,778	(1,982)	1,016	1,812
<b>Usable Capital Receipts</b>	294	0	2,062	2,356
<b>Capital Grants Unapplied</b>	330	(150)	19	199
<b>Total</b>	43,481	(19,233)	16,563	40,811
<b>General Fund Commitments</b>				
Contingency Policy Level	4,000	0	0	4,000
Balances held by schools under a scheme of delegation	813	(172)	0	641
Ring Fenced Monies	5,817	(3,668)	2,846	4,995
Affordable Housing	2,747	(594)	704	2,857
100% Carry forwards	10,898	(8,407)	4,906	7,397
Budget Commitments	1,185	(1,185)	3,202	3,202
Transforming Angus	2,134	0	103	2,237
<b>Total</b>	27,594	(14,026)	11,761	25,329
<b>Housing Revenue Account Commitments</b>				
Minimum Policy Level	1,000	0	0	1,000
Survive & Thrive	687	0	0	687
Early Repayment of Debt	2,128	(2,128)	1,359	1,359
Allowance for SHQS / New Build Housing	1,876	0	0	1,876
<b>Total</b>	5,691	(2,128)	1,359	4,922



**Note 7 - Other Operating Expenditure**

2015/16 £000		2016/17 £000
3,489	(Gains)/Losses on disposal of non-current assets	2,576
3,489	<b>Total</b>	<b>2,576</b>

**Note 8 - Financing and Investment Income and Expenditure**

2015/16 £000		2016/17 £000
15,638	Interest payable and similar charges	15,956
4,519	Net Interest on the defined benefit liability	4,395
(813)	Interest receivable and similar income	(885)
(12)	(Income)/expenditure in relation to investment properties and changes in their fair value	(7)
(571)	Share of Tayside Contract (Surplus)/Deficit	(447)
18,761	<b>Total</b>	<b>19,012</b>

**Note 9 - Taxation and Non Specific Grant Incomes**

2015/16 £000		2016/17 £000
(42,549)	Council tax income	(43,110)
(30,792)	Non domestic rates	(29,480)
(176,708)	Non-ring-fenced government grants	(169,865)
(25,524)	Capital grants and contributions	(15,515)
(275,573)	<b>Total</b>	<b>(257,970)</b>

**Note 10 - Grant Income**

The following grants are included in the Taxation and Non Specific Grant Incomes heading in the Comprehensive Income and Expenditure Statement.

2015/16 £000	<b>Credited to Taxation and Non Specific Grant Income</b>	2016/17 £000
(22,320)	Scottish Government General Capital Grant	(12,599)
(2,013)	Scottish Government Specific Capital Grants	(2,205)
(176,708)	Scottish Government Revenue Grants	(169,865)
(340)	Other capital grants	(289)
(851)	Other capital contributions	(422)
(202,232)	<b>Total</b>	<b>(185,380)</b>
	<b>Credited to Services</b>	
(525)	Scottish Government General Capital Grant	(366)
(525)	<b>Total</b>	<b>(366)</b>

## Note 11 – Expenditure and Funding Analysis

Restated 2015/16				2016/17		
Net Spend CIES	Adjustments Between the Funding & the Accounting Basis	Expenditure Chargeable to the General Fund & HRA		Net Spend CIES	Adjustments Between the Funding & the Accounting Basis	Expenditure Chargeable to the General Fund & HRA
£000	£000	£000		£000	£000	£000
3,877	413	3,219	Chief Executive's Unit	4,593	970	3,623
117,679	9,207	109,552	Children & Learning	128,771	13,814	114,957
48,798	978	45,826	Adult Services (IJB)	45,695	1,847	43,848
62,825	16,977	43,766	Communities	55,630	17,957	37,673
11,168	1,443	9,142	Resources	11,705	1,868	9,837
693	7	658	Transforming Angus	851	34	817
(3,254)	74	(8,021)	Other Services	4,415	113	4,302
698	0	698	Joint Boards	798	0	798
242,484	29,099	204,840	<b>General Fund Net Expenditure</b>	<b>252,458</b>	<b>36,603</b>	<b>215,855</b>
1,934	12,271	(1,792)	Housing Revenue Account (HRA)	2,044	12,588	(10,544)
244,418	41,370	203,048	<b>Net Cost of Services</b>	<b>254,502</b>	<b>49,191</b>	<b>205,311</b>

2016/17				
Adjustments from the General Fund to Arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Chief Executive's Unit	755	215	0	970
Children & Learning	11,629	1,739	446	13,814
Adult Services (IJB)	392	1,455	0	1,847
Communities	16,548	1,409	0	17,957
Resources	1,159	709	0	1,868
Transforming Angus	0	34	0	34
Other Services	106	7	0	113
<b>Total Angus Council Directorates</b>	<b>30,589</b>	<b>5,568</b>	<b>446</b>	<b>36,603</b>
Tayside Joint Valuation Board	0	0	0	0
<b>General Fund Net Expenditure</b>	<b>30,589</b>	<b>5,568</b>	<b>446</b>	<b>36,603</b>
Housing Revenue Account (HRA)	12,378	210	0	12,588
<b>Net Cost of Services</b>	<b>42,967</b>	<b>5,778</b>	<b>446</b>	<b>49,191</b>

2015/16				
Adjustments from the General Fund to Arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Chief Executive's Unit	355	59	(1)	413
Children & Learning	9,138	473	(404)	9,207
Adult Services (LJB)	522	456	0	978
Communities	16,495	488	(6)	16,977
Resources	1,255	189	(1)	1,443
Transforming Angus	0	7	0	7
Other Services	73	0	1	74
<b>Total Angus Council Directorates</b>	<b>27,838</b>	<b>1,672</b>	<b>(411)</b>	<b>29,099</b>
Tayside Joint Valuation Board	0	0	0	0
<b>General Fund Net Expenditure</b>	<b>27,838</b>	<b>1,672</b>	<b>(411)</b>	<b>29,099</b>
Housing Revenue Account (HRA)	12,012	259	0	12,271
<b>Net Cost of Services</b>	<b>39,850</b>	<b>1,931</b>	<b>(411)</b>	<b>41,370</b>

#### Adjustments for Capital Purposes

This column includes depreciation and impairment of non-current assets, amortisation of intangible assets.

#### Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income. This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs; and the net interest on the defined benefit liability charged to the CIES.

#### Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement.

#### Note 12 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2015/16 £000		2016/17 £000
251	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	243

## Note 13 - Property, Plant and Equipment

## Movements in 2016/17

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2016	334,260	313,309	44,873	239,900	4,333	1,984	18,767	957,426	106,638
Additions	8,697	7,693	3,487	14,580	888	0	4,254	39,599	491
Additions – Forfar Community Campus		33,517						33,517	33,517
Revaluation increases/ (decreases) recognised in the RRA	0	613	0	0	0	0	0	613	0
Revaluation increases/ (decreases) recognised in the NCS	0	(3,658)	0	0	0	0	0	(3,658)	0
Derecognition – disposals	(5,771)	(421)	(1,815)	0	0	0	0	(8,007)	0
Derecognition – Other	0	0	0	0	0	0	0	0	0
Assets reclassified to/ from AHFS	0	0	0	0	0	0	0	0	0
Other reclassified Assets – Surplus	0	0	0	0	0	0	0	0	0
Other Reclassified Assets – AUC	0	7,031	0	0	0	0	(7,031)	0	0
Termination									
Other Movements						(6)		(6)	
<b>31 March 2017</b>	<b>337,186</b>	<b>358,084</b>	<b>46,545</b>	<b>254,480</b>	<b>5,221</b>	<b>1,978</b>	<b>15,990</b>	<b>1,019,484</b>	<b>140,646</b>
<b>Accumulated Depreciation and impairment</b>									
<b>1 April 2016</b>	(11,883)	(13,676)	(30,760)	(103,628)	(472)	(779)	0	(161,198)	(22,338)
Depreciation charge	(12,360)	(13,965)	(3,558)	(9,667)	(32)	(111)	0	(39,693)	(1,260)
Depreciation written out to the Surplus/	0	0	0	0	0	0	0	0	0
Deficit of the Provision of Services	0	0	0	0	0	0	0	0	0
Revaluation Losses/Gains	0	1,335	0	0	0	0	0	1,335	0
Derecognition – disposals	304	0	1,567	0	0	0	0	1,871	0
Derecognition – others	0	0	0	0	0	0	0	0	0
Other Reclassified Assets	0	0	0	0	0	0	0	0	0
Other movements						0		0	
<b>31 March 2017</b>	<b>(23,939)</b>	<b>(26,306)</b>	<b>(32,751)</b>	<b>(113,295)</b>	<b>(504)</b>	<b>(890)</b>	<b>0</b>	<b>(197,685)</b>	<b>(23,598)</b>
<b>Net Book Value</b>									
<b>31 March 2016</b>	<b>322,377</b>	<b>299,634</b>	<b>14,111</b>	<b>136,272</b>	<b>3,861</b>	<b>1,205</b>	<b>18,767</b>	<b>796,228</b>	<b>84,300</b>
<b>31 March 2017</b>	<b>313,247</b>	<b>331,778</b>	<b>13,794</b>	<b>141,185</b>	<b>4,717</b>	<b>1,088</b>	<b>15,990</b>	<b>821,799</b>	<b>83,531</b>

## Comparative Movements in 2015/16

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2015	324,657	292,248	43,668	223,723	4,271	1,984	19,341	909,892	104,743
Additions	8,445	3,266	2,050	16,177	62	0	28,262	58,262	280
Revaluation increases/ (decreases) recognised in the RRA	0	3,925	0	0	0	0	0	3,925	640
Revaluation increases/ (decreases) recognised in the NCS	0	(5,153)	0	0	0	0	0	(5,153)	975
Derecognition – disposals	(3,120)	(5,534)	(845)	0	0	0	0	(9,499)	0
Derecognition - Other	0	0	0	0	0	0	0	0	0
Assets reclassified to/ from AHFS	0	0	0	0	0	0	0	0	0
Other reclassified Assets – Surplus	0	0	0	0	0	0	0	0	0
Other Reclassified Assets – AUC	4,278	24,558	0	0	0	0	(28,836)	0	0
Other Reclassified Assets – Intangibles	0	0	0	0	0	0	0	0	0
Other Reclassification of Assets – Lease	0	0	0	0	0	0	0	0	0
Termination	0	0	0	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0	0	0	0
<b>31 March 2016</b>	<b>334,260</b>	<b>313,310</b>	<b>44,873</b>	<b>239,900</b>	<b>4,333</b>	<b>1,984</b>	<b>18,767</b>	<b>957,427</b>	<b>106,638</b>
<b>Accumulated Depreciation and impairment</b>									
<b>1 April 2015</b>	0	(21,521)	(27,913)	(92,142)	(440)	(668)	0	(142,684)	(20,649)
Depreciation charge	(11,991)	(13,482)	(3,684)	(11,486)	(32)	(111)	0	(40,786)	(3,297)
Depreciation written out to the Surplus/	0	0	0	0	0	0	0	0	0
Deficit of the Provision of Services	0	0	0	0	0	0	0	0	0
Revaluation Losses/Gains	0	18,291	0	0	0	0	0	18,291	1,608
Derecognition – disposals	108	3,036	835	0	0	0	0	3,979	0
Derecognition – others	0	0	0	0	0	0	0	0	0
Other Reclassified Assets	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
<b>31 March 2016</b>	<b>(11,883)</b>	<b>(13,676)</b>	<b>(30,762)</b>	<b>(103,628)</b>	<b>(472)</b>	<b>(779)</b>	<b>0</b>	<b>(161,200)</b>	<b>(22,338)</b>
<b>Net Book Value</b>									
<b>31 March 2015</b>	<b>324,657</b>	<b>270,727</b>	<b>15,755</b>	<b>131,581</b>	<b>3,831</b>	<b>1,316</b>	<b>19,341</b>	<b>767,208</b>	<b>84,094</b>
<b>31 March 2016</b>	<b>322,377</b>	<b>299,634</b>	<b>14,111</b>	<b>136,272</b>	<b>3,861</b>	<b>1,205</b>	<b>18,767</b>	<b>796,227</b>	<b>84,300</b>

## Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The 2016/17 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2016/17 is the third year of the programme and valuations for 2016/17 were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Currently there are 2 assets within surplus assets which have not been valued within 5 years as they are being held pending agreement of the arrangements for Community Asset Transfer.

As part of our 5 year revaluation plan, the assets that were valued in 2016/17 were depots & workshops and industrial land & units. Assets planned for valuation in 2017/18 are off street car parks, Museums, Libraries, Halls & Theatres.

### Note 14 – Heritage Assets

#### Reconciliation of the Carrying Value of Heritage Assets held by the Authority

	Tangible Heritage Assets			Total Assets
	Museum Fine Art	Museum Other Collections	Civic Regalia	
	£000	£000	£000	
Valuation at 1 April 2015	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
<b>31 March 2016</b>	<b>4,970</b>	<b>700</b>	<b>100</b>	<b>5,770</b>
Valuation at 1 April 2016	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
<b>31 March 2017</b>	<b>4,970</b>	<b>700</b>	<b>100</b>	<b>5,770</b>

The valuations disclosed in the balance sheet are based on the assessments prepared for Insurance purposes in 2005/6, internally with advice from National Museums and Galleries.

All other items which may be deemed as being Heritage Assets have not been included on the balance sheet, in the main due to materiality. It is not considered practical to provide valuations as they were all under the de-minimus of £100,000.

Information relating to the scale and nature of the Councils Heritage Assets can be found on the Cultural section of the Angus Council website. This section of the website gives information about each of the museums and galleries and highlights some of the collections currently on display. There is a catalogue of all the artefacts which is held with the Communities Directorate of the Council.

Expenditure which in the Council's view is required to preserve or prevent further deterioration of individual items is recognised in the Comprehensive Income and Expenditure Account. The council aims to maintain the condition of these assets in a steady state of repair, subject to budgetary and operational constraints.

There are no transactions relating to Heritage Assets to be disclosed in the 2016/17 Accounts.

The assets shown on the balance sheet are all currently valued at £100,000 or above in accordance with the policy on Heritage Assets and are as follows:

<b>Fine Art Collection</b>		<b>£000</b>
Painting, The Adoration of the Magi	Pieter Breughel	2,300
Painting, St John Preaching in Wilderness	Pieter Breughel	2,000
Painting, Falls of Tivoli	Jacob Philip Hackert	250
Henry Dundas, Viscount Melville	Sir Henry RA Raeburn	100
David Scott MP of Dunninald	George Romney	100
White Marble Bust of Dr Wyllie, Forfar	Bertel Thorwaldesen	100
The Right Hon Admiral Lord Viscount Duncan	John Hoppner	120
<b>Total Fine Art Collection</b>		<b>4,970</b>
<b>Other Collections</b>		
Ochterlony Cup 1683, Aberlemno Church	William Lindsay	100
Communion Cup, Inchbrayock Church	William Lindsay	100
Aberbrothock Regstrum (3 Volumes)		500
<b>Total Other Collections</b>		<b>700</b>
<b>Civic Regalia</b>		
Provosts Chain of Office		100
<b>Total Civic Regalia</b>		<b>100</b>
<b>Total Heritage Assets in Balance Sheet</b>		<b>5,770</b>

#### Note 15 - Investment Properties

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement at the balance sheet date.

The following table summarises the movement in the fair value of investment properties over the year:

2015/16 £000		2016/17 £000
1,581	Balance at start of the year	<b>1,536</b>
0	Additions, Purchases, Construction, Subsequent expenditure	0
(45)	Disposals	0
0	Net gain/(losses) from fair value adjustments	0
0	Transfers: To/From Property, Plant & Equipment	0
1,536	<b>Balance at end of the year</b>	<b>1,536</b>

Due to the nature of the investment assets held, their value is not considered to change significantly year on year and therefore they are valued as part of the 5 year rolling programme with other non-current assets.

**Note 16 - Intangible Assets**

The carrying amount of intangible assets is amortised on a straight-line method. Of the amortisation charged to revenue in 2016/17, £0.047 million was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2015/16 £000		2016/17 £000
267	Gross Book Value at 1/4/16	267
0	Additions	0
0	Revaluation Increases/(Decreases)	0
0	Disposals	0
0	Reclassified from PPE	0
0	Other Movements	0
267	<b>Gross Book Value at 31/3/17</b>	<b>267</b>
(126)	<b>Accumulated Amortisation at 1/4/16</b>	<b>(173)</b>
(47)	Amortisation Charge for the Year	(47)
0	Depreciation write back on Revaluations	0
(173)	<b>Accumulated Amortisation at 31/3/17</b>	<b>(220)</b>
94	<b>Net Book Value at 31/3/17</b>	<b>47</b>

**Note 17 - Assets Held For Sale**

Non-Current 2015/16 £000	Current 2015/16 £000		Non-Current 2016/17 £000	Current 2016/17 £000
149	0	<b>Balance outstanding at start of year</b>	90	0
		Assets newly classified as held for sale:		
0	0	Property, Plant and Equipment	0	0
0	0	Intangible Assets	0	0
0	0	Investment Properties	0	0
0	0	Revaluation losses	0	0
0	0	Revaluation gains	0	0
0	0	Impairment losses	0	0
		Assets declassified as held for sale:		
0	0	Property, Plant and Equipment	0	0
0	0	Intangible Assets	0	0
0	0	Other assets/liabilities in disposal groups	0	0
(59)	0	Assets sold	0	0
0	0	Transfers from non-current to current	0	0
0	0	Other movements	0	0
90	0	<b>Balance Outstanding at year-end</b>	<b>90</b>	<b>0</b>



**Note 18 – Long Term Debtors**

2015/16 £000		2016/17 £000
236	Housing Advances	225
5,940	Police Scotland	5,297
153	Leases	157
384	Common Good	359
54	Empty Homes Initiative	17
6,767	<b>Total Long Term Debtors</b>	<b>6,055</b>

**Note 19- Inventories**

2015/16 £000		2016/17 £000
780	Balance at start of the year	686
(94)	Movement in year	(341)
686	<b>Balance outstanding at year-end</b>	<b>345</b>

**Note 20 – Short Term Debtors**

2015/16 £000		2016/17 £000
8,181	Central Government bodies	9,611
12,903	Other Miscellaneous, Other Entities & Individuals	12,542
262	Other Local Authorities	396
371	NHS Bodies	356
0	Public Corporations & Trading Funds	0
21,717	<b>Total Short Term Debtors</b>	<b>22,905</b>

**Note 21 - Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements:

2015/16 £000		2016/17 £000
37	Cash held by the Authority	35
(623)	Bank Overdraft	(415)
0	Bank Current Accounts	0
10,570	Cash Investments	6,845
9,984	<b>Total Cash and Cash Equivalents</b>	<b>6,465</b>

**Note 22 – Short Term Creditors**

2015/16 £000		2016/17 £000
(2,697)	Central Government Bodies	(7,994)
(32,876)	Other Miscellaneous, Other Entities & Individuals	(26,438)
(2,380)	Other Local Authorities	(6,897)
(66)	NHS Bodies	(144)
0	Public Corporations & Trading Funds	0
(38,019)	<b>Total Short Term Creditors</b>	<b>(41,473)</b>

**Note 23 - Provisions**

The Council has no provisions at 31 March 2017.

**Note 24 - Impairment Losses**

During 2016/17, the council recognised no impairment losses other than those due to the reduction in fair value.

**Note 25 - Usable Reserves**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 6.

**Note 26 - Unusable Reserves**

31 March 2016 £000		31 March 2017 £000
121,904	Revaluation Reserve Account	121,554
433,072	Capital Adjustment Account	430,141
(1,500)	Financial Instruments Adjustment Account	(1,357)
(124,665)	Pensions Reserve	(197,186)
(4,294)	Accumulated Absences Account	(4,740)
424,517	<b>Total Unusable Reserves</b>	<b>348,412</b>

### Revaluation Reserve Account (RRA)

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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.

2015/16 £000		2016/17 £000
107,447	Balance at 1 April	121,904
16,324	Upward revaluation of assets	1,580
(244)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(62)
0	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0
(1,623)	Difference between fair value depreciation and historical cost depreciation	(1,868)
0	Accumulated gains on assets sold or scrapped	0
0	Amount written off to the Capital Adjustment Account	0
121,904	<b>Balance at 31 March</b>	<b>121,554</b>

### 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 is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. 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.

This table provides details of the source of all the transactions posted to the Account.

2015/16 £000		2016/17 £000
427,421	Balance at 1 April	433,072
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(40,786)	Charges for depreciation and impairment of non-current assets	(39,693)
983	Revaluation gain/losses on Property, Plant and Equipment	(3,227)
(47)	Amortisation of intangible assets	(47)
0	Revenue expenditure funded from capital under statute	

2015/16 £000		2016/17 £000
(3,489)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,577)
1,623	Adjusting amounts written out of the Revaluation Reserve	1,868
0	Net written out amount of the cost non-current assets consumed in the year	0
	<b>Capital financing applied in the year:</b>	
108	Use of the Capital Receipts Reserve to finance new capital expenditure	(77)
(3)	Capital receipt for finance lease	(3)
25,372	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	15,515
0	Application of grants to capital financing from the Capital Grants Unapplied Account	131
9,165	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	12,156
12,725	Capital expenditure charged against the General Fund and HRA balances	13,023
0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0
433,072	<b>Balance at 31 March</b>	<b>430,141</b>

#### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage historic premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but if appropriate are reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance of premiums currently on the Account at 31 March 2016 will be charged to the General Fund over the next 10 years.

2015/16 £000		2016/17 £000
(1,705)	Balance at 1 April	(1,500)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
200	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	138
5	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	5
(1,500)	<b>Balance at 31 March</b>	<b>(1,357)</b>

### 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 Authority 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 benefit's earned to be financed as the Authority 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 substantial shortfall in the benefits earned by past and current employees and the resources the Authority 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.

2015/16 £000		2016/17 £000
(146,358)	Balance at 1 April	(124,665)
28,143	Re-measurement of net pensions liability	(62,348)
(6,450)	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	(10,173)
(124,665)	<b>Balance at 31 March</b>	<b>(197,186)</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance (including Housing) 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.

2015/16 £000		2016/17 £000
(4,809)	Balance at 1 April	(4,294)
104	Settlement or cancellation of accrual made at the end of the preceding year	0
411	Amounts accrued at the end of the current year	(446)
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
(4,294)	<b>Balance at 31 March</b>	<b>(4,740)</b>

### Note 27 - Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs during 2016/17.

### Note 28 - Termination Benefits

The Council terminated the contracts of a number of employees in 2016/17 incurring liabilities of £0.529m (£0.655m in 2015/16). Further detail is provided in the Remuneration Report at the start of these Accounts.

**Note 29 – Councillor Remuneration, Allowances and Expenses**

2015/16 £000		2016/17 £000
567	Remuneration	560
1	Allowances	1
55	Expenses	50
623	<b>Total</b>	<b>611</b>

**Note 30 – Teachers Pensions Schemes Accounted for as Defined Contribution Scheme**

Teachers employed by the council are members of the Scottish Teachers' Pension Scheme (STPS) administered by the Scottish Public Pensions Agency. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

Employer contributions are set on the basis of periodical reviews by the Government Actuary. In 2016/17, the employer's rate of contribution was 17.2% and the amount paid over in respect of employer's contributions was £7.186m (£6.793m in 2015/16).

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for as unfunded obligations and payments in Note 31 below.

**Note 31 - Defined Benefit Pension Schemes**

**Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme (Scotland), administered locally by Dundee City Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In 2016/17 the council paid employer contributions totalling £11.200m (£11.769m in 2015/16) representing 16.9% of employees' pensionable pay.

**Unfunded Discretionary Benefits**

Arrangements 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 pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due.

In 2016/17, the council paid £1.440m representing 1.3% of pensionable pay in unfunded discretionary benefits (1.576m representing 1.4% in 2015/16). This sum related in the main to award decisions made in previous financial years. Thirty-five awards were made in 2016/17 amounting to £0.450m (£0.540m in 2015/16) in respect of employees leaving the council.

**Balance Sheet Disclosure as at 31 March 2017**

<b>Net Pension Asset as at</b>	<b>31 Mar 2017</b>	31 Mar 2016	31 Mar 2015
Present value of the defined benefit obligation	794,221	611,827	651,882
Fair Value Fund assets (bid value)	(611,460)	(500,368)	(521,040)
<b>Deficit/(Surplus)</b>	<b>182,761</b>	<b>111,459</b>	<b>130,842</b>
<b>Present value of unfunded obligation</b>	<b>14,425</b>	<b>13,206</b>	<b>15,516</b>
Unrecognised Past Service Cost	0	0	0
Impact of Asset Ceiling	0	0	0
<b>Net defined benefit liability/(asset)</b>	<b>197,186</b>	<b>124,665</b>	<b>146,358</b>

**Transactions Relating to Post-employment Benefits**

The Council 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 the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Year to 31 Mar 2016 £000	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2017 £000
15,219	Service cost	18,216
57	Administration expenses	203
	<b>Financing and Investment Income and Expenditure</b>	
4,519	Net interest on the defined liability / (asset)	4,395
19,795	Total Recognised in the Comprehensive Income & Expenditure Account	22,814
(6,450)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(10,173)
13,345	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	12,641
11,769	Employer's contributions payable to scheme	11,200
1,576	Retirement benefits payable to pensioners	1,441

**Re-measurements in Other Comprehensive Income**

Year to 31 March 2016 £000	Re-measurement of the net assets/(defined liability)	Year to 31 March 2017 £000
(21,861)	Return on Fund assets in excess of interest	95,793
0	Other actuarial gains/(losses) on assets	0
47,849	Change in financial assumptions	(158,231)
(167)	Change in demographic assumptions	0
1,504	Experience gain/(loss) on defined benefit obligation	30
0	<b>Changes in effect of asset ceiling</b>	<b>0</b>
27,325	<b>Re-measurements</b>	<b>(62,408)</b>

Year to 31 March 2016 £000	Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 March 2017 £000
667,398	Opening defined benefit obligation	<b>625,033</b>
20,778	Current service cost	17,635
21,386	Interest cost	22,854
(47,849)	Change in financial assumptions	158,231
167	Change in demographic assumptions	0
(1,504)	Experience loss/(gain) on defined benefit obligation	(30)
(22,051)	Liabilities assumed / extinguished) on settlements	0
(17,525)	Estimated benefits paid net of transfers in	(18,875)
1,066	Past service costs, including curtailments	581
4,204	Contributions by Scheme participants	4,215
(1,037)	Unfunded pension payments	(998)
625,033	<b>Closing defined benefit obligation</b>	<b>808,646</b>

**Assets**

The estimated asset allocation for Angus Council as at 31 March 2017 is as follows:

31 March 2016 £000	Employer asset share – bid value	31 March 2017 £000
343,026	Equities	440,194
26,190	Gilts	40,534
64,612	Other Bonds	60,313
61,049	Property	60,329
5,491	Cash	10,090
500,368	<b>TOTAL</b>	<b>611,460</b>

Employer asset share – bid value	28 February 2017 % Quoted	28 February 2017 % Unquoted
<b>Fixed Interest Government Securities</b>		
UK	4.8%	-
Overseas	-	-
<b>Index Linked Government Securities</b>		
UK	1.9%	-
Overseas	-	-
<b>Corporate Bonds</b>		
UK	3.2%	2.7%
Overseas	3.9%	0.1%
<b>Equities</b>		
UK	22.9 %	-
Overseas	24.6%	24.4%
<b>Property</b>		
All	9.9%	-
Others	-	-
Cash/Temporary Investments	1.7%	-
<b>TOTAL</b>	<b>72.9%</b>	<b>27.2%</b>

Year to 31 March 2016 £000	Reconciliation of opening & closing balances of the present value of Scheme assets	Year to 31 March 2017 £000
<b>521,040</b>	Opening fair value of Fund assets	<b>500,368</b>
16,885	Interest on assets	18,459
(21,861)	Return on assets less interest	95,793
0	Other actuarial gains/(losses)	0
(57)	Administration expenses	(203)
13,461	Contributions by employer including unfunded	12,701
4,204	Contributions by Scheme participants	4,215
(18,562)	Estimated benefits paid plus unfunded net of transfers in	(19,873)
(14,742)	Settlement prices received / (paid)	0
<b>500,368</b>	Closing fair value of Scheme assets	<b>611,460</b>



Detailed Fund Asset Share

<b>Narrative</b>	<b>Total</b>
Cash and Cash Equivalents	1.6%
<b>Equity Instruments</b>	
Industry Type - Listed	
Consumer	10.1%
Financials	10.3%
Industrials	8.3%
Energy & Utilities	3.4%
Materials	3.5%
Healthcare	4.4%
Information Technology	5.8%
Telecommunications	1.4%
Listed Pooled Funds	22.1%
Unlisted Pooled Funds	2.4%
Unlisted Companies	0.5%
<b>Bonds</b>	
Corporate Listed	6.6%
Corporate Unlisted	3.2%
Corporate – Listed Pooled	2.7%
Government	3.8%
<b>Property</b>	
Retail	2.7%
Commercial	5.2%
Alternatives & Cash	2.1%
<b>Other Investment Funds</b>	
Venture Capital/Partnerships	0.2%
<b>Derivatives</b>	
Forward Foreign Exchange Contracts	0.0%
<b>Total</b>	100.3%

100.3% correct total as per the actuarial report received from Barnett Waddingham, due to roundings, as stated in their report.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2015/16		Local Government Pension Scheme 2016/17
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
21.3	Men	21.4
23.3	Women	23.5
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
23.5	Men	23.7
25.6	Women	25.8
3.3%	Rate of inflation (RPI)	3.6%
2.4%	Rate of Inflation (CPI)	2.7%
4.2%	Rate of increase in salaries	3.7%
3.7%	Rate for discounting scheme liabilities	2.7%
2.4%	Pension Increases	2.7%

**Sensitivity Analysis**

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	793,626	808,646	823,966
Projected service cost	24,614	25,197	25,795
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	810,932	808,646	806,375
Projected service cost	25,209	25,197	25,185
Adjustment to increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	821,665	808,646	795,882
Projected service cost	25,782	25,197	24,625
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	838,832	808,646	779,581
Projected service cost	26,001	25,197	24,418

**Projected Pension Expense for the year to 31 March 2018**

Projections for the year to 31 March 2018	Year to 31 March 2018 £000
Service Cost	25,197
Net Interest on the defined liability (asset)	5,154
Administration expenses	248
<b>Total</b>	<b>30,599</b>
<b>Employer Contributions</b>	<b>11,712</b>

**Note 32 - Cash Flow Statement – Operating Activities**

2015/16 £000		2016/17 £000
8,905	Net surplus or (deficit) on provision of services	(18,120)
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
40,786	Depreciation on Non Current Assets	39,693
(983)	Impairment and downwards revaluation	3,227
47	Amortisation on Intangible Assets	47
(61)	Increase / (Decrease) in Interest Creditors	(19)
(488)	Increase / (Decrease) in Creditors	5,068
20	(Increase) / Decrease in Interest Debtors	(29)
2,248	(Increase) / Decrease in Debtors	(1,737)
94	(Increase) / Decrease in Inventories	341
6,450	Pension Liability	10,173
474	Other Non Cash Transactions	(338)
0	Contributions to / (from) provisions	(93)
5,275	Carrying amount of non-current assets sold	6,137
0	Movement in Investment Property Value	0
53,862	<b>Total Adjustments</b>	<b>62,470</b>

	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
(25,524)	Capital Grants credited to surplus / deficit on the provision of services	(15,515)
0	Net adjustment from the sale of short and long term investments	(84)
(2,136)	Proceeds from the sale of PPE and intangible assets	(3,563)
(27,660)	<b>Total Adjustments</b>	<b>(19,162)</b>
35,107	<b>Net Cashflows from operating activities</b>	<b>25,188</b>

The cash flows for operating activities include the following items:

2015/16 £000		2016/17 £000
833	Interest received	856
(15,740)	Interest Paid	(15,868)
294	Dividends received	0

#### Note 33 - Cash Flow Statement – Investing Activities

2015/16 £000		2016/17 £000
(57,572)	Purchase of property, plant and equipment, investment property and intangible assets	(41,974)
0	Purchase of short-term and long-term investments	(5,000)
0	Other payments for investing activities	0
3,473	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,112
110	Proceeds from short-term and long-term investments	110
26,151	Other receipts from investing activities	16,227
(27,838)	<b>Net cash flows from investing activities</b>	<b>(26,525)</b>

#### Note 34 - Cash Flow Statement – Financing Activities

2015/16 £000		2016/17 £000
5,049	Cash receipts of short and long-term borrowing	4,156
0	Other receipts from financing activities	510
(2,070)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI/PPP contracts	(2,071)
(6,327)	Repayments of short and long-term borrowing	(4,777)
(3,348)	<b>Net cash flows from financing activities</b>	<b>(2,182)</b>

### Note 35 - Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council 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 Council.

#### Scottish Government

The Scottish Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 10.

#### Members

Members of the council have direct control over the council's financial and operating policies. The total of members' remuneration, allowances and expenses paid in 2016/17 is shown in Note 29.

#### Other Public Bodies (subject to common control by Scottish Government)

The Council undertakes material transactions with Dundee City Council, Perth & Kinross Council, Tayside Joint Valuation Board and NHS Tayside in a variety of areas. Transactions and balances outstanding are detailed in Tables 1 & 2 below.

#### Entities Controlled or Significantly Influenced by Angus Council

The Council has significant interests in companies and relevant transactions and balances in the following organisations:-

- Angus Integrated Joint Board – is a formal partnership between NHS Tayside and Angus Council as described in the Angus IJB Integration Scheme. That Integration Scheme describes the health and social care functions that have been delegated by the Parties to Angus IJB from 1<sup>st</sup> April 2016.
- Tayside Contracts – is a joint local authority trading organisation which operates under a Joint Committee. Angus Council procures work from Tayside Contracts and each of the three constituent council receive a share of annual surpluses from Tayside Contracts which can then be reinvested in services. Angus Council has a share of the assets and liabilities of the organisation and has representation on the Joint Committee thus the organisation is deemed to be significantly influenced by the Council.
- Angus Environmental Trust (AET) – receives contributions from the council as a Landfill Operator in lieu of part of our liability for Landfill Tax, which the Trust will use to fund environmental projects. The Trust is deemed to be significantly influenced by the Council through its representation on the Trust Board.
- Angus Alive is a limited company and registered Scottish Charity to which the Council transferred its culture, leisure and access office services. Libraries, museums, galleries, archives, sport & leisure facilities, country parks, community halls, access offices and the Webster Theatre are all now managed by Angus Alive. The company is deemed to be significantly influenced by the Council through its contractual relationship.
- Angus Community Care Charitable Trust (ACCCT) - is a limited company and a registered Scottish Charity. It has a wide remit, to develop and provide housing, services and facilities for Care in the Community. The Trust is deemed to be significantly influenced by the Council through its representation on the Trust Board.
- Angus Care & Repair Ltd - is a private company limited by guarantee and a registered Scottish Charity. The company provides various services for older and disabled people in Angus to help them with home repairs, adaptations and improvements. The company is deemed to be significantly influenced by the Council through its representation on the Board.
- East of Scotland European Consortium (ESEC) – the Consortium was formed in 1991 and comprises 8 local authorities, each of whom pays an annual contribution. The secretariat is hosted by Angus Council and the Convener of Development & Enterprise is the current Chair of ESEC. The Consortium is deemed to be significantly influenced by the Council through its representation on the Board.
- Tayside Procurement Consortium (TPC) – the Consortium was formed in 2006 and comprises Angus, Dundee and Perth & Kinross councils. Each council contributes towards the running costs. The Consortium is deemed to be significantly influenced by the Council through its representation on the Steering Group.

Transactions and balances are detailed in Tables 1 & 2 below.

**Table 1 - Related Parties**

During the year, transactions with related parties arose as follows:

2015/16 Expenditure £000	2015/16 Income £000		2016/17 Expenditure £000	2016/17 Income £000
		<b>Other Public Bodies</b>		
44	0	Angus Integrated Joint Board	56,067	56,067
698	0	Valuation Board – Requisition	798	0
0	570	Tayside Contracts – Share of Surplus and associated interest		445
24,553	0	Tayside Contracts – Contracts undertaken	22,602	0
802	250	Dundee City Council – DERL waste processing	751	250
0	5,803	NHS Tayside - Resource transfer	0	5,894
10,703	0	STSF – Scottish Teachers Superannuation Fund	11,160	0
		<b>Entities Controlled or Significantly Influenced by Angus Council</b>		
		<b>Angus Alive</b>		
1,409	151	Contributions to/from company	6,132	235
		<b>Angus Community Care Charitable Trust</b>		
54	0	Contribution due to Trust	41	0
564	0	Amounts due to Trust (rental income)	582	0
0	206	Amounts due from Trust	0	202
		<b>Angus Environmental Trust</b>		
103	0	Landfill Tax Credit	109	0
0	0	Various Minor Contracts	0	0
		<b>Angus Care &amp; Repair</b>		
22	0	HRA	22	0
412	0	People	397	0
0	0	Planning	0	0
		<b>East of Scotland European Consortium</b>		
7	0	Contribution due to the Consortium	7	0
0	2	Amounts due from the Consortium (financial services)	0	3
		<b>Tayside Procurement Consortium</b>		
82	0	Contribution due to the Consortium	85	0
<b>39,453</b>	<b>6,982</b>	<b>Total</b>	<b>98,753</b>	<b>63,096</b>

**Table 2 - Related Parties (Debtors / Creditors)**

Amounts at the end of the financial year, either due to or by the council, were all in accordance with normal business and there were no material issues as to the question of the amounts being properly due.

2015/16 Creditors £000	2015/16 Debtors £000		2016/17 Creditors £000	2016/17 Debtors £000
		<b>Other Public Bodies</b>		
0	0	Angus Integrated Joint Board	582	0
0	56	Valuation Board – Requisition	0	8
571	0	Tayside Contracts – Share of Surplus and associated interest	445	0
4,033	0	Tayside Contracts – Contracts undertaken	4,853	0
79	0	Dundee City Council – re DERL waste processing	101	0
931	0	STSS – Scottish Teachers Superannuation Scheme	927	0
		<b>Entities Controlled or Significantly Influenced by Angus Council</b>		
		<b>Angus Alive</b>		
379	68	Contribution from/to company	80	521
		<b>Angus Community Care Charitable Trust</b>		
0	0	Contribution due to Trust	0	0
8	0	Amounts due to Trust (rental income)	13	0
0	110	Amounts due from Trust	0	190
		<b>Angus Environmental Trust</b>		
0	0	Landfill Tax Credit	0	0
		<b>Angus Care &amp; Repair</b>		
0	53	People	98	0
0	0	Planning	0	0
		<b>East of Scotland European Consortium</b>		
0	0	Contribution due to the Consortium	0	0
		<b>Tayside Procurement Consortium (*)</b>		
20	0	Contribution due to the Consortium	20	0
<b>6,021</b>	<b>287</b>	<b>Total</b>	<b>7,119</b>	<b>719</b>

**Note 36- PFI / PPP and Similar Contracts**

**Angus Council has entered into four Public Private Partnerships or similar contracts as follows:-**

A92 Dual Carriageway

The Council entered into a 30 year contract to facilitate dualling of the A92 which had a works value in the order of £50m with the road opening to traffic on 27 September 2005. 2016/17 was the 12th year of the contract which is due to conclude in financial year 2035/36. Under the contract, the contractor took on the obligation to carry out the construction works and to maintain the road thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2016/17.

Beech Hill House, Forfar

The Council entered into a 25 year joint arrangement with NHS Tayside for the refurbishment and provision of Beech Hill House which had a works value in the order of £1.9m and was made available to the Council on 21 March 2005. 2016/17 was effectively the 12th year of the arrangement which is due to conclude in financial year 2029/30. Under the arrangement, Beech Hill House was incorporated within a wider PFI project and contract being undertaken by NHS Tayside, whereby the contractor took on the obligation to carry out the refurbishment works and to maintain the property thereafter. The Council only has rights to terminate the arrangement if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2016/17.

Forfar / Carnoustie Schools

The Council entered into a 30 year contract to facilitate refurbishment and replacement of 7 schools in Forfar and Carnoustie and these became operational as follows: Woodlands PS (4 October 2007); Strathmore PS (16 January 2008); Burnside PS (20 February 2008); Whitehills PS (29 February 2008); Carlogie PS (7 November 2008); Carnoustie HS (5 December 2008); and Langlands PS (23 April 2009). The operational contract period began with the provision of the first school and 2016/17 was therefore the 10th year of the contract which is due to conclude in financial year 2037/38. Under the contract, the contractor took on the obligation to carry out the construction and refurbishment works and to maintain the properties thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2016/17.

Forfar Community Campus

The Council entered into a 25 year contract to facilitate replacement of Forfar Academy along with the town's leisure facilities on a single community campus basis. The works value was some £33.5m and the facility became operational on 6 February 2017. The operational contract period is due to conclude in financial year 2041/42. Under the contract, the contractor took on the obligation to carry out the construction works and to maintain the property thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2016/17 in the period following the opening of the facility.

Property, Plant and Equipment

The assets used to provide services in respect of the above facilities are recognised on the Council's balance sheet. Movements in their value over the year are contained within the analysis of the movements on the Property, Plant and Equipment balance in Note 13.

The following analysis provides more detail in respect of the assets and movements within Note 13.

	<b>A</b> <b>A92 Dual</b> <b>Carriageway</b>	<b>B</b> <b>Beech Hill</b> <b>House</b>	<b>C</b> <b>Schools</b>	<b>D</b> <b>Forfar</b> <b>Community</b> <b>Campus</b>	<b>Totals</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Gross Book Value at 31 March 2016</b>	<b>53,540</b>	<b>2,424</b>	<b>50,674</b>	<b>0</b>	<b>106,638</b>
Additions	0	0	0	33,517	33,517
Expenditure	0	97	394	0	491
Revaluations	0	0	0	0	0
Impairment	0	0	0	0	0
<b>Gross Book Value at 31 March 2017</b>	<b>53,540</b>	<b>2,521</b>	<b>51,068</b>	<b>33,517</b>	<b>140,646</b>
<b>Depreciation at 31 March 2016</b>	<b>(21,504)</b>	<b>(204)</b>	<b>(630)</b>	<b>0</b>	<b>(22,338)</b>
Charge for year	(2,356)	(36)	(1,223)	0	(3,615)
Write back on revaluations	0	0	0	0	0
Write back on impairments	0	0	0	0	0
<b>Depreciation at 31 March 2017</b>	<b>(23,860)</b>	<b>(240)</b>	<b>(1,853)</b>	<b>0</b>	<b>(25,953)</b>
Net Book Value at 31 March 2016	32,036	2,220	50,044	0	84,300
Net Movements detailed above	(2,356)	61	(829)	33,517	30,393
<b>Net Book Value at 31 March 2017</b>	<b>29,680</b>	<b>2,281</b>	<b>49,215</b>	<b>33,517</b>	<b>114,693</b>

Liabilities and Payments

The following liabilities result from the Council's Public Private Partnerships and similar contract arrangements and are contained within the long term liabilities on the Council's balance sheet. Fair values have been determined in line with the principles set out in Note 42 Financial Instruments.

	<b>A A92 Dual Carriageway</b>	<b>B Beech Hill House</b>	<b>C Schools</b>	<b>D Forfar Community Campus</b>	<b>Totals</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Liability at 31 March 2016	43,677	1,383	38,276	0	83,336
Additions	0	0	0	33,517	33,517
Repayment of liability for year	(1,418)	(26)	(532)	(79)	(2,055)
<b>Liability at 31 March 2017</b>	<b>42,259</b>	<b>1,357</b>	<b>37,744</b>	<b>33,438</b>	<b>114,798</b>
<b>Fair value of liability at 31 March 2017</b>	<b>73,788</b>	<b>1,682</b>	<b>57,351</b>	<b>47,960</b>	<b>180,781</b>

The Council makes an agreed payment each year which is adjusted annually by inflation and can be reduced if the contractor fails to meet availability and performance standards as set out in the contract. The payment made each year is otherwise fixed.

Payments remaining to be made under the 4 PPP and similar contracts at 31 March 2017 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

	<b>A A92 Dual Carriageway</b>	<b>B Beech Hill House</b>	<b>C Schools</b>	<b>D Forfar Community Campus</b>	<b>Totals</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Payments due within 1 year (2017/18)</b>					
Repayment of liability	1,513	29	593	600	2,735
Finance costs	4,569	176	3,020	2,571	10,336
Service charges (inc. life cycle replacement costs)	1,093	181	2,493	361	4,128
<b>Total payments due within 1 year</b>	<b>7,175</b>	<b>386</b>	<b>6,106</b>	<b>3,532</b>	<b>17,199</b>
<b>Payments due within 2 to 5 years (2018/19 to 2021/22)</b>					
Repayment of liability	4,969	284	3,119	3,116	11,488
Finance costs	18,021	791	11,676	10,584	41,072
Service charges (inc. life cycle replacement costs)	7,563	569	10,566	1,540	20,238
<b>Total payments due within 2 to 5 years</b>	<b>30,553</b>	<b>1,644</b>	<b>25,361</b>	<b>15,240</b>	<b>72,798</b>
<b>Payments due within 6 to 10 years (2022/23 to 2026/27)</b>					
Repayment of liability	8,920	516	6,564	4,665	20,665
Finance costs	23,932	965	13,365	13,608	51,870
Service charges (inc. life cycle replacement costs)	9,841	815	13,988	3,022	27,666
<b>Total payments due within 6 to 10 years</b>	<b>42,693</b>	<b>2,296</b>	<b>33,917</b>	<b>21,295</b>	<b>100,201</b>
<b>Payments due within 11 to 15 years (2027/28 to 2031/32)</b>					
Repayment of liability	14,947	528	9,669	5,709	30,853
Finance costs	26,002	597	10,075	13,857	50,531



	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	D Forfar Community Campus £000	Totals £000
Service charges (inc. life cycle replacement costs)	7,357	395	16,812	4,528	29,092
<b>Total payments due within 11 to 15 years</b>	<b>48,306</b>	<b>1,520</b>	<b>36,556</b>	<b>24,094</b>	<b>110,476</b>
<b>Payments due within 16 to 20 years (2032/33 to 2036/37)</b>					
Repayment of liability	11,910	0	15,310	8,162	35,382
Finance costs	15,725	0	6,080	13,873	35,678
Service charges (inc. life cycle replacement costs)	9,940	0	18,007	5,225	33,172
<b>Total payments due within 16 to 20 years</b>	<b>37,575</b>	<b>0</b>	<b>39,397</b>	<b>27,260</b>	<b>104,232</b>
<b>Payments due within 21 to 25 years (2037/38 to 2041/42)</b>					
Repayment of liability	0	0	2,489	11,186	13,675
Finance costs	0	0	276	12,685	12,961
Service charges (inc. life cycle replacement costs)	0	0	3,018	6,029	9,047
<b>Total Payments due within 21 to 25 years</b>	<b>0</b>	<b>0</b>	<b>5,783</b>	<b>29,900</b>	<b>35,683</b>
<b>Total Payments Due</b>					
Repayment of liability	42,259	1,357	37,744	33,438	114,798
Finance Costs	88,249	2,529	44,492	67,178	202,448
Service charges (incl. life cycle replacement costs)	35,794	1,960	64,884	20,705	123,343
<b>Total Payments Due</b>	<b>166,302</b>	<b>5,846</b>	<b>147,120</b>	<b>121,321</b>	<b>440,589</b>

### Note 37 - Leases

#### Authority as Lessee -Finance Leases

The Council has acquired 2 buildings under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net book values:

31 March 2016 £000		31 March 2017 £000
365	Other Land and Buildings	342
0	Vehicles, Plant, Furniture and Equipment	0

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2016 £000		31 March 2017 £000
	<b>Finance lease liabilities:</b>	
21	Current	21
393		372

	Non-current	
225	Finance costs payable in future years	204
639	<b>Minimum lease payments</b>	<b>597</b>

The minimum lease payments will be payable over the following periods:

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
31 March 2016 £000	31 March 2016 £000		31 March 2017 £000	31 March 2017 £000
42	21	No later than one year	42	21
167	89	Later than one year and not later than five years	167	96
430	304	Later than five years	388	276
639	414	<b>Totals</b>	<b>597</b>	<b>393</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, payable by the Authority.

### Operating Leases

The Authority acquired one automated public convenience by entering into an operating lease, with a typical life of five years.

The future minimum lease payments due under this non-cancellable lease in future years are:

31 March 2016 £000		31 March 2017 £000
20	No later than one year	20
22	Later than one year and not later than five years	22
0	Later than five years	0
42	<b>Totals</b>	<b>42</b>

The expenditure charged to the Environmental Management line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2015/16 £000		2016/17 £000
9	Minimum lease payments	9

### Authority as Lessor - Finance Leases

The Council has leased out 3 properties on finance leases.

The Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtors for the interest in the properties acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2016 £000		31 March 2017 £000
	<b>Finance lease debtors:</b>	
4	Current	4
9	Non-current	8
22	Unearned finance income	15
134	Unguaranteed residual values	131
<b>169</b>	<b>Gross Investment in the Lease</b>	<b>158</b>

The minimum lease payments will be payable over the following periods:

Gross Investment	Minimum Lease Payments		Gross Investment	Minimum Lease Payments
31 March 2016 £000	31 March 2016 £000		31 March 2017 £000	31 March 2017 £000
42	13	No later than one year	89	13
127	22	Later than one year and not later than five years	69	14
0	0	Later then five years	0	0
169	35	<b>Totals</b>	<b>158</b>	<b>27</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, receivable by the Authority.

### Operating Leases

The Authority does not lease out any assets under operating leases.

### Note 38 - Capital Commitments

As at 31 March 2017, the Authority has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2017/18 and future years, budgeted to cost £37.790 million (gross). Similar commitments at 31 March 2016 were £20.121 million (gross). The major commitments (on a gross basis) include: Montrose South Regeneration (£2.156 million); Ongoing Development / Capping at Restenneth Landfill Site (£0.634 million); Property Capitalised Maintenance - Main Infrastructure Replacement (£0.512 million); Arbroath Flood Strategy (£10.422 million); Forfar Academy Community Campus Contribution (£0.641 million); Provision of Agile Angus / Estates Review (£1.067 million); New Build Affordable Housing (£12.454 million); Council Housing Kitchen Replacement Programmes (£4.940 million); and Council Housing Heating Replacement Programmes (£2.150 million).

### Note 39 - Construction Contracts

At 31 March 2017 the Authority had no construction contracts in progress on behalf of any other party. Accordingly no entries were due to be accrued or disclosed in the Council's accounts. The same position existed at 31 March 2016.

### Note 40 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the first part of this note.

2015/16 £000	Movement in Year	2016/17 £000
247,088	Opening Capital Financing Requirement	255,187
	Capital Investment:	
58,287	Property, Plant and Equipment	73,112
0	Investment Properties	0
0	Intangible Assets	0
0	Revenue Expenditure Funded from Capital under Statute	0
	Sources of Finance:	
(1,891)	Capital Receipts	(1,456)
(25,376)	Government Grants and other Contributions	(15,691)
	Sums set aside from revenue:	
(13,075)	Direct revenue contributions	(15,006)
(7,771)	Loans Fund Principal	(10,698)
(2,075)	Repayment of Liability – Finance Lease / PFI & PPP	(2,076)
255,187	<b>Closing Capital Financing Requirement</b>	<b>283,372</b>

	<b>Explanation of Movements in year</b>	
10,865	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	(3,441)
(691)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	185
(20)	Movement in liability of assets acquired under finance leases	(21)
(2,055)	Movement in liability of assets acquired under PFI/PPP contracts	31,462
8,099	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>28,185</b>

**Capital Expenditure on Services**

2015/16 Actual £000		2016/17 Actual £000	2016/17 Budget £000
	<b>CAPITAL EXPENDITURE ON SERVICES</b>		
	<b>Chief Executive's</b>		
513	Economic Development	93	135
	<b>Communities</b>		
9,730	Housing Revenue Account	10,600	13,054
379	Planning & Place	561	405
3,123	Regulatory & Protective Services	4,157	4,361
641	Services to Communities	540	877
16,328	Technical & Property Services	15,179	17,546
	<b>Children &amp; Learning</b>		
519	Children & Young People's Services	142	28
26,009	Schools & Learning	5,453	7,197
60	<b>Adult Services (Integrated Joint Board)</b>	99	262
680	<b>Resources</b>	2,279	2,261
	<b>Advances</b>		
25	Council House Purchase	0	0
0	Private House Purchase	0	0
0	Housing Associations	0	0
58,007	<b>Total Capital Expenditure</b>	<b>39,103</b>	<b>46,126</b>
	<b>Financing of Capital Expenditure</b>		
1,891	Sale of Assets	1,501	2,072
25,376	Government Grants & Other Contributions	15,646	17,299
12,445	Contribution from Revenue	12,532	14,873
350	Local Capital Fund	1,982	3,012
17,945	Advances from Loans Fund	7,442	8,870
58,007	<b>Total Capital Financing</b>	<b>39,103</b>	<b>46,126</b>

**Note 41 – 2016/17 Capital Budget**

The 2016/17 capital budgets shown in note 40 are the capital monitoring budgets for the year as published in the Council's 2016/17 Final Capital Budget Volume (report 314/16 refers).

**Note 42 - Financial Instruments**

International Financial Reporting Standards (IFRS) require the Council to make disclosures in respect of its financial instruments, which in the main comprise the borrowing, lending, investments, creditors, and debtors of the Council. The purpose of these disclosures is to provide information regarding:

- the significance of financial instruments for the Council's financial position and performance; and
- the nature and extent of risks arising from financial instruments to which the Council is exposed and how the Council manages those risks.

**Analysis of Financial Instruments**

Financial instrument items carried on the Balance Sheet can be categorised as disclosed below.

<b>Long Term</b>	<b>Current</b>		<b>Long Term</b>	<b>Current</b>
31 March 2016 £000	31 March 2016 £000		<b>31 March 2017 £000</b>	<b>31 March 2017 £000</b>
		<b>Financial Liabilities at amortised cost</b>		
155,254	9,941	Borrowing	154,508	10,075
		Creditors:		
0	38,019	General	0	41,473
0	623	Bank Overdraft	0	415
155,254	48,583	<b>Total Financial Liabilities</b>	<b>154,508</b>	<b>51,963</b>
		<b>Financial Assets</b>		
		Loans and receivables		
6,767	19,406	Debtors	6,055	20,384
0	41,011	Investments & Bank Deposits	0	27,222
0	5,015	Available-for-sale financial assets	0	20,092
6,767	65,432	<b>Total Financial Assets</b>	<b>6,055</b>	<b>67,698</b>

LOBO's (Lender Option, Borrower Option loans) with a call date in the next 12 months amounting to £16 million (£21 million in the previous year) are included in long term borrowing. The long term figures above assume that in arriving at the amortised cost for a LOBO, the maturity period of a LOBO is taken as the contractual period to maturity.

The bank overdraft shown above is combined with the Council's cash position on the face of the balance sheet under the heading Cash and Cash Equivalents. A breakdown of the cash and cash equivalents position can be found in note 21.

The loans and receivables are stated on the basis of amortised cost. Long term available-for-sale financial assets are not considered to be material and therefore no fair value calculation has been carried out and the amortised cost has been included as the fair value. Short term available-for-sale financial assets are stated at fair value above, but in line with the approved Treasury Management Strategy, the council does not intend to trade these prior to the agreed maturity dates. Due to the very short term nature of these assets, no adjustment to carrying values has been made in the accounts statements.

Financial liabilities at amortised cost include long term borrowing of £154.508 million as per the balance sheet. An additional £4.741 million of borrowing is due to mature within 2017/18. This is included together with accrued interest (£1.177 million) on financial liabilities at the Balance Sheet date within the current category in this note.

**Analysis of Gains / Losses in respect of Financial Instruments**

The gains and losses recognised in the CIES and movements in reserves in relation to financial instruments are disclosed below.

2015/16			2016/17		
			Financial Assets		
Total £000		Financial Liabilities Measured at amortised cost £000	Loans and receivables £000	Available- for-sale assets £000	Total £000
(7,752)	Interest expense	(7,688)	0	0	(7,688)
(203)	Losses on derecognition	(141)	0	0	(141)
(7,955)	<b>Interest payable and similar charges</b>	<b>(7,829)</b>	<b>0</b>	<b>0</b>	<b>(7,829)</b>
420	Interest income	0	647	104	751
3	Gains on derecognition	3	0	0	3
423	<b>Interest and investment income</b>	<b>3</b>	<b>647</b>	<b>104</b>	<b>754</b>
(7,532)	<b>Net gain /(loss) for the year</b>	<b>(7,826)</b>	<b>647</b>	<b>104</b>	<b>(7,075)</b>

**Fair Value of Financial Assets and Liabilities Carried At Amortised Cost**

Financial liabilities and loans and receivables are carried on the Balance Sheet at amortised cost. Their fair values have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The discount rate utilised should equal the current rate in relation to the same instrument from a comparable lender. This has been assumed to be the rate applicable in the market on the date of valuation, for an instrument of the same duration as the outstanding period from valuation date to maturity. Discount rates have therefore been determined by applying the following principles:

- For PWLB debt, the discount rate used is the rate for new borrowing (maturity basis) as per the rate sheet number 128/17 as this excludes the margin included in the premature repayment rate, which represents the lender's profit as a result of debt rescheduling, as any motivation other than securing a fair price should be ignored;
- In respect of LOBO debt and market lending, discount rates equal the rates available for an equivalent instrument, with equivalent terms from a comparable lender;
- In respect of the long term debtors, the discount rates used are those applicable to PWLB new borrowing for a period equal to the remaining period of the long term debtor, as taken from PWLB rate sheet number 128/17;
- Long term investments are carried on the Balance Sheet at historic cost but are not material. No fair value calculation has therefore been carried out and the amortised cost value has been included as the fair value;
- Accrued interest has been included in the fair value;
- No early repayment or impairment has been allowed within the fair value calculations;
- No adjustments have been made where any relevant dates fall on a non-working day; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Applying these principles, the fair value of financial liabilities carried at amortised cost are disclosed below.

31 March 2016						31 March 2017	
Comparison Amount	Fair Value		Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	Comparison Amount	Fair Value
£000	£000		£000	£000	£000	£000	£000
130,559	165,004	PWLB	128,739	0	1,060	129,799	177,105
0	0	Market Debt	14,000	0	92	14,092	22,575
30,119	40,049	LOBO's	16,510	(510)	25	16,025	25,202
38,160	38,160	Creditors	41,473	0	0	41,473	41,473
3,977	3,977	Short term borrowing	4,157	0	0	4,157	4,157
623	623	Bank overdraft	415	0	0	415	415
203,438	247,813	<b>Total financial liabilities</b>	<b>205,294</b>	<b>(510)</b>	<b>1,177</b>	<b>205,961</b>	<b>270,927</b>

All of the Council's PWLB and LOBO loan portfolio are fixed rate, fixed term loans. The fair value of PWLB loans is significantly more than the carrying amount as the Council's PWLB loan portfolio contains a significant number of older loans with fixed rates which are significantly higher than the rates now available for similar PWLB loans at the Balance Sheet date. The fair value of LOBOs are higher than the carrying value as the LOBO loans predominantly comprise fixed rates that are higher than those available in the market for similar loans at the balance sheet date.

As noted above, the bank overdraft shown above is combined with the Council's cash position on the face of the balance sheet under the heading Cash and Cash Equivalents. A breakdown of the cash and cash equivalents position can be found in note 21.

Again applying the above principles, the fair value of financial assets carried at amortised cost are disclosed below.

31 March 2016			31 March 2017	
Carry Amounting	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
10,579	10,579	Bank deposits of 7 days or less	6,847	6,847
30,043	30,096	Deposits with Banks and Building Societies	40,103	40,118
5,403	5,408	Deposits with other Local Authorities	0	0
0	0	Money Market Fund Deposits	0	0
0	0	Other Structured Deposits	364	364
6,767	5,266	Long term debtors	6,055	4,833
19,406	19,406	Debtors	20,384	20,384
72,198	70,755	<b>Total financial assets</b>	<b>73,753</b>	<b>72,546</b>

All of the Council's bank, building society and Local Authority deposits are fixed rate, fixed term deposits of 1 year or less. The overall fair value of these deposits is higher than the carrying amount as the Council's deposit portfolio contains deposits with fixed rates which are higher than the rates available for similar deposits at the Balance Sheet date.

In respect of long term debtors, the fair value is less than the carrying value as the present value of the future cash flows from these debtors are worth less to the Council as a result of the effects of inflation.

#### Soft Loans

The council had no soft loans at the 31<sup>st</sup> March 2017.

#### Note 43 - Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks in respect of financial instruments and in particular the following:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments; and
- market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The management of the Council's treasury position is focused on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Management of the treasury position is carried out centrally within the Corporate Improvement and Finance Division and the Council has fully adopted the CIPFA Code of Treasury Management Practice in this regard. In line with this Code, the Council Strategy for the management of financial risks is supported by written policies and procedures covering areas such as credit, liquidity and market risks. These areas are expanded upon below.

#### Credit Risk

Credit risk arises primarily from deposits with banks and other financial institutions, but also arises from credit exposures to the Council's customers. Deposits during 2016/17 were only made with banks or other financial institutions which were assessed independently by the Council's Treasury Management advisers as being sufficiently secure and which had a minimum Fitch long term rating of A- and a minimum Fitch short term rating of F1 or were classed as a part or fully nationalised bank at the time the deposit was made. Deposits could also be made with other Local Authorities and whilst such bodies are not specifically rated, they are deemed to hold at least the rating level of the UK government. The exception to these criteria was overnight deposits placed with the Council's own bank (Clydesdale) as noted below.

The Council, in accordance with the CIPFA Revised Code of Practice in Treasury Management 2011, has an Annual Treasury Management Strategy in place and as part of this strategy the determination of the levels of investments placed with permitted counterparties is set.

In respect of the financial year 2016/17 the following limits were in place and were applied at the time each deposit was made:

- a maximum of £2.5 million could be placed with each A minus institution subject to a total of no more than 25% of the Council's investments being placed with suitable A minus rated counterparties;
- a maximum of £5.0 million could be placed with each A or A plus rated institution, subject to a total of no more than 50% of the Council's investments being placed with these counterparties;
- a maximum of £10.0 million could be placed with each AA minus (or higher) rated institution, however 100% of the Council's investments could be placed with these counterparties;
- a maximum of £15.0 million could be placed with each of the Nationalised or part Nationalised Banks, however 100% of the Council's investments could be placed with these counterparties;
- A maximum of £20.0 million could be placed overall in Money Market Funds, with the maximum limit of £20.0 million able to be placed with any single fund. 100% of the Council's investments could be placed in Money Market Funds; and
- No limits were in place in respect of deposits with other Local Authorities and 100% of the Council's investments could be placed with this category.

The one exception to the above mentioned limits is the Council's own bank - currently the Clydesdale Bank - for which an overall investment limit of £20.0 million is maintained for operational reasons. The bank did not meet the council's minimum investment criteria during 2016/17, therefore in line with the approved Treasury Management Strategy, the placement of funds was limited throughout the financial year to overnight only.



The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience of default and uncollectability and experience and advice in respect of current market conditions.

	Amounts at 31 March 2017	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2017	Estimated maximum exposure – default etc
	£000	%	%	£000
Deposits with the Council's main bank	6,847	0	0	0
Deposits with other banks	20,011	0	0	0
Deposits with other Local Authorities	0	0	0	0
Money Market Fund Deposits	0	0	0	0
Deposits with Building Societies	0	0	0	0
Collateralised Deposits	20,092	0	0	0
Customers	7,354	2.90	2.84	0
<b>Totals</b>	<b>54,304</b>	<b>2.90</b>	<b>2.84</b>	<b>0</b>

No investment limits were exceeded during the year and the Council does not expect any losses from non-performance of any of its investment counterparties in relation to deposits and bonds.

The Council does not generally give credit for customers and in this regard it can be reported that £4.894 million of the £7.354 million customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

	31 March 2017 £000
Less than 3 months	1,859
3 to 6 months	282
6 months to 1 year	440
More than 1 year	2,313
<b>Total</b>	<b>4,894</b>

#### Liquidity Risk

The Council has ready access to borrowings from the financial markets to cover any day to day cash flow needs and has ready access to borrow funds from the Public Works Loans Board (PWLB) for longer term commitments. There is therefore no significant risk that the Council will be unable to raise funds to meet its commitments under financial instruments. The risk instead is that the Council may have to replenish a significant proportion of its borrowing at a time when interest rates may not be favourable. In accordance with the CIPFA Treasury Management Code of Practice, the Council has a policy in respect of upper and lower limits with regard to the maturity structure of fixed rate borrowing. The limits are set with the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing as set out in the following table below.

	Upper Limit %	Lower Limit %
Under 1 year	25	0
1 year and within 2 years	25	0
2 years and within 5 years	50	0
5 years and within 10 years	50	0
10 years and above	100	50

In conjunction with the Council's Treasury Management advisers, the Head of Corporate Improvement and Finance adopts a pro-active management of the Council's borrowings to ensure that the above limits are observed. This is achieved through the careful planning of the timing of new loans taken out and the early repayment of existing borrowings where conditions are favourable.

The maturity structure of the Council's external loan financial liabilities is as follows, stated using carrying values.

Loan Value 31 March 16 £000		Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 17 £000
	<b>Loans Outstanding</b>			
129,483	PWLB	128,739	0	<b>128,739</b>
16,000	LOBO's - European Banks	16,510	(510)	<b>16,000</b>
14,000	LOBO's - UK Banks	0	0	<b>0</b>
0	Market Debt - UK Banks	14,000	0	<b>14,000</b>
159,483	<b>Total</b>	<b>159,249</b>	<b>(510)</b>	<b>158,739</b>
	<b>Maturity Structure</b>			
4,745	Less than 1 year	4,741	0	4,741
4,741	Between 1 and 2 years	6,241	0	6,241
11,045	Between 2 and 5 years	9,110	0	9,110
15,970	Between 5 and 10 years	11,650	0	11,650
122,982	Over 10 years	127,507	(510)	<b>126,997</b>
159,483	<b>Total</b>	<b>159,249</b>	<b>(510)</b>	<b>158,739</b>
<p>The 2015/16 figures are shown for comparison.                      In the over 10 years category there are LOBO's with a Loan Value totalling £16 million which have a call date in the next 12 months.</p>				

All trade and other payables are due to be paid in less than 1 year.

#### Market Risk - Interest Rate Risk

The Council could be exposed to interest rate movement risk in respect of its borrowings and investments.

For example a rise in interest rates could have the following effects:

- borrowings at variable rates - interest expenses charged to the CIES would increase;
- borrowings at fixed rates - no change in interest expenses but fair values would decrease;
- investments at variable rates - interest income credited to the CIES would increase; and
- investments at fixed rates - no change in interest income but fair values would decrease.

The Council currently has no variable rate borrowings or investments and consequently is not currently exposed to interest rate risk. Additionally all borrowings and investments are carried at amortised cost and not fair value. There are consequently no impacts on either the Comprehensive Income & Expenditure Statement, the notes to the accounts or Movements in Reserves Statement in respect of interest rate risk.

#### Market Risk - Price Risk

The Council does not generally invest in equity shares but does hold some minor long term investments as available-for-sale. As these investments have arisen as a result of bequests, the Council is not in a position to limit its exposure to price risk by diversifying its portfolio. As the amount held is relatively negligible (£5k), there is not considered to be any real risk to the Council in this regard, although the impact of any material gains or losses would be recognised through the notes to the accounts or the Movements in Reserves Statement.

#### Market Risk - Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in foreign exchange rates.

**Note 44 - Loans Fund Revenue Account**

This table sets out the revenue transactions of the Loans Fund. The Loans Fund provides a central pool of finance for all council expenditure. All external loans, borrowed to finance capital spending, are paid into the fund. Interest due on these borrowings and debt management expenses are charged to the account and recovered annually from the service revenue accounts based on their outstanding loan debts.

2015/16 £000		2016/17 £000
	<b>Expenditure</b>	
6,387	Interest Paid on Loans:-	6,324
0	Public Works Loan Board	0
1,332	Public Works Loan Board Redemptions	1,327
26	Other Mortgages and Bonds	31
393	Internal Loans	420
106	Interest Paid on Revenue Balances	124
8,244	Expenses of Borrowing	8,226
	<b>TOTAL EXPENDITURE</b>	<b>8,226</b>
	<b>Income</b>	
419	Interest received	351
7,719	Interest Charged to borrowing accounts	7,751
106	Expenses recovered from borrowing accounts	124
8,244	<b>TOTAL INCOME</b>	<b>8,226</b>

**Loans Fund Interest**

The average rate of interest charged on borrowing from the Loans Fund was 4.44% in 2016/17. The 2015/16 rate was 4.47%.

**Debt Management Expenses**

The equivalent rate for debt management expenses was 0.07%. The 2015/16 rate was 0.06%.

**Debt per Head of Population**

The amount of debt outstanding at 31 March 2017 was £172.8 million or £1,486.90 per head of population. The figures at 31 March 2016 were £171.4 million or £1,475.26 respectively.

**Note 45 – Other Long Term Liabilities**

Other long term liabilities (£113.616 million) are considered throughout the notes to the accounts. They essentially consist of two main factors; deferred income & deferred liabilities.

In summary, deferred income (£0.614 million) relates to prepaid income, with deferred liabilities (£113.002 million) relating to finance leases (£0.371 million) and outstanding debt associated with PPP projects (£112.631 million).

**Note 46 – Prior Period Adjustments**

There are no prior period adjustments to report for 2015/16.

**Note 47 - Contingent Liability**

There are no contingent liabilities at 31 March 2017.

## Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial statements of the Council and its subsidiary and associated companies.

Associate and Joint Venture companies are consolidated in accordance with paragraph 9.1.2.43 of the Code of Practice using the equity method. The Council's investment in these companies is incorporated at cost and adjusted each year by the Council's share of the companies' results as recognised in the Group Comprehensive Income and Expenditure Statement and its share of other gains and losses.

Subsidiary companies are consolidated in accordance with paragraph 9.1.2.27 of the Code of Practice with the income, expenditure, assets and liabilities consolidated on a line-by-line basis.

Intra-group balances and transactions are eliminated on consolidation.

The results of the following organisations have been consolidated within the Group Accounts:

Name of Combining Entity	Method of Accounting
Angus Alive	Subsidiary
Charitable Trusts: <ul style="list-style-type: none"> <li>• Strangs Mortification (SC018687)</li> <li>• Angus Council Charitable Trusts (SC044695)</li> <li>• Endowment Funds</li> </ul>	Subsidiary
Common Good	Subsidiary
Tayside Joint Valuation Board	Associate
Tayside Contracts Joint Committee	Associate
Angus Integration Joint Board	Joint Venture

## Group Movement in Reserves Statement as at 31 March 2017

	Council Usable Reserves £000	Council Unusable Reserves £000	Total Council Reserves £000	Share of Reserves of Associates, Joint Venture & Subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2015	32,770	381,996	414,766	720	415,486
<b>Movement in reserves during 15/16</b>					
Surplus or (deficit) on provision of services	8,905	0	8,905	(2,824)	6,081
Other Comprehensive Expenditure and Income	0	44,327	44,327	(2,216)	42,111
<b>Total Comprehensive Expenditure and Income</b>	<b>8,905</b>	<b>44,327</b>	<b>53,232</b>	<b>(5,040)</b>	<b>48,192</b>
Opening balance / Group share adjustments	0	0	0	(930)	(930)
Adjustments between accounting basis and funding basis under regulations	1,806	(1,806)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>10,711</b>	<b>42,521</b>	<b>53,232</b>	<b>(5,970)</b>	<b>47,262</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0
<b>Increase / Decrease in Year</b>	<b>10,711</b>	<b>42,521</b>	<b>53,232</b>	<b>(5,970)</b>	<b>47,262</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>43,481</b>	<b>424,517</b>	<b>467,998</b>	<b>(5,250)</b>	<b>462,748</b>
<b>Movement in reserves during 16/17</b>					
Surplus or (deficit) on provision of services	(18,120)	0	(18,120)	(1,105)	(19,225)
Other Comprehensive Expenditure and Income	0	(60,831)	(60,831)	(9,668)	(70,499)
<b>Total Comprehensive Expenditure and Income</b>	<b>(18,120)</b>	<b>(60,831)</b>	<b>(78,951)</b>	<b>(10,773)</b>	<b>(89,724)</b>
Opening balance / Group share adjustments	0	0	0	(666)	(666)
Adjustments between accounting basis and funding basis under regulations	15,274	(15,274)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>(2,846)</b>	<b>(76,105)</b>	<b>(78,951)</b>	<b>(11,439)</b>	<b>(90,390)</b>
Transfers to / from Earmarked Reserves	176	0	176	0	176
<b>Increase / Decrease in Year</b>	<b>(2,670)</b>	<b>(76,105)</b>	<b>(78,775)</b>	<b>(11,439)</b>	<b>(90,214)</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>40,811</b>	<b>348,412</b>	<b>389,223</b>	<b>(16,689)</b>	<b>372,534</b>

## Group Comprehensive Income and Expenditure Statement for the year 31 March 2017

2015/16				2016/17		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
5,790	(1,913)	3,877	Chief Executive's	6,530	(1,937)	4,593
123,723	(6,044)	117,679	Children & Learning	135,131	(6,360)	128,771
67,765	(18,967)	48,798	Adult Services (IJB)	69,576	(67,907)	1,669
113,655	(52,399)	61,256	Communities	98,133	(48,400)	49,733
15,084	(3,878)	11,206	Resources	16,028	(4,284)	11,744
703	(10)	693	Transforming Angus	851	0	851
1,530	(4,784)	(3,254)	Other Services	8,182	(3,767)	4,415
29,110	(27,176)	1,934	Housing Revenue Account	30,137	(28,093)	2,044
2,954	(1,314)	1,640	Interest in Subsidiary – Angus Alive	9,515	(3,376)	6,139
31	(56)	(25)	Interest in Subsidiary – Charitable Trusts	28	(64)	(36)
807	(322)	485	Interest in Subsidiary – Common Good	320	(335)	(15)
2,064	0	2,064	Share of Associate & Joint Venture Operating Results	81,785	0	81,785
<b>363,216</b>	<b>(116,863)</b>	<b>246,353</b>	<b>Group Cost Of Services</b>	<b>456,216</b>	<b>(164,523)</b>	<b>291,693</b>
		3,489	Other Operating Income and Expenditure - Council			2,576
		(195)	Other Operating Income and Expenditure – Associates & JV			(37,082)
		18,761	Financing & Investment Income & Expenditure - Council			19,012
		1,093	Financing & Investment Income & Expenditure – Associates & JV			1,002
		0	Surplus or Deficit on Discontinued Operations			0
		(275,573)	Taxation and Non-Specific Grant Income - Council			(257,970)
		(9)	Taxation and Non-Specific Grant Income – Associates & JV			(6)
		<b>6,081</b>	<b>Group Surplus or (Deficit) on Provision of Services</b>			<b>(19,225)</b>
		16,324	Surplus or (deficit) on revaluation of non-current assets – Council			1,579
		(178)	Surplus or (deficit) on revaluation of non-current assets – Subsidiaries			182
		(244)	Surplus or (deficit) on revaluation of available for sale financial assets - Council			(62)
		28,143	Re-measurement of net pension liability - Council			(62,348)
		(4,454)	Re-measurement of net pension liability - Subsidiaries			(3,879)
		2,416	Re-measurement of net pension liability – Associates & JV			(5,971)
		104	Other unrealised gains/(losses)			0
		<b>42,111</b>	<b>Other Group Comprehensive Income and Expenditure</b>			<b>(70,499)</b>
		<b>48,192</b>	<b>Total Group Comprehensive Income and Expenditure</b>			<b>(89,724)</b>

**Group Balance Sheet as at 31 March 2017**

31/03/2016 £000		Group Notes	31/03/2017 £000
801,475	Property, Plant & Equipment		826,932
5,770	Heritage Assets		5,770
1,536	Investment Property		1,536
94	Intangible Assets		47
90	Assets Held for Sale		90
1,191	Long Term Investments		1,315
6,387	Long Term Debtors		5,696
<b>816,543</b>	<b>Long Term Assets</b>		<b>841,386</b>
35,494	Short Term Investments	14	40,486
715	Inventories		383
21,854	Short Term Debtors	13	22,902
10,418	Cash and Cash Equivalents	12	8,146
0	Assets held for sale		0
<b>68,481</b>	<b>Current Assets</b>		<b>71,917</b>
0	Provisions		0
(6,026)	Short Term Borrowing		(5,992)
(38,467)	Short Term Creditors	15	(42,639)
<b>(44,493)</b>	<b>Current Liabilities</b>		<b>(48,631)</b>
(93)	Provisions		0
(155,254)	Long Term Borrowing		(154,507)
0	Other Long Term Creditors		0
(129,350)	Pension Liability	16	(206,396)
(82,366)	Other Long Term Liabilities		(113,016)
(10,720)	Liability in Associates & Joint Ventures		(18,219)
<b>(377,783)</b>	<b>Long Term Liabilities</b>		<b>(492,138)</b>
<b>462,748</b>	<b>Net Assets</b>		<b>372,534</b>
46,611	Usable Reserves		44,457
429,354	Unusable Reserves		353,158
(13,217)	Group Reserves		(25,081)
<b>462,748</b>	<b>Total Reserves</b>		<b>372,534</b>

The accounts were issue for audit on 30 June 2017 and the audited accounts were authorised for issue by the Head of Corporate Finance on the 26 September 2017.

Ian Lorimer CPFA  
 Head of Corporate Finance  
 26 September 2017

**Group Cash Flow Statement**

<b>2015/16 £000</b>		<b>Group Notes</b>	<b>2016/17 £000</b>
6,081	Net surplus or (deficit) on the provision of services		(19,225)
56,844	Adjustment to surplus or deficit on the provision of services for non cash movements	9	64,996
(27,660)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	9	(19,185)
35,265	Net Cash flows from Operating Activities	9	26,586
(27,562)	Net Cash flows from Investing Activities	10	(26,677)
(3,348)	Net Cash flows from Financing Activities	11	(2,181)
4,355	Net increase or decrease in cash and cash equivalents		(2,272)
6,063	Cash and cash equivalents at the beginning of the reporting period	12	10,418
<b>10,418</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>12</b>	<b>8,146</b>



### **Note 1 - Statement of Accounting Policies**

The majority of the accounting policies adopted to produce the Group Accounts complement those used to prepare the Council's own accounts and are not therefore restated here.

### **Note 2 - Changes in Accounting Policy**

There are no changes in accounting policy requiring to be disclosed as part of the Group Accounts in addition to those detailed in the single entity accounts.

### **Note 3 - Consolidation**

Transactions between the Council and its subsidiaries are eliminated on consolidation.

### **Note 4 - Combining Entries**

#### Subsidiaries

##### *Angus Alive*

From 1 December 2015, Angus Council transferred all of its culture, leisure and access office services (including the associated staff) to a charitable trust called Angus Alive. Libraries, museums, galleries, archives, sport and leisure facilities, country parks, community halls, access offices and the Webster Theatre are all now managed by Angus Alive.

Whilst the Council does not have operational control of Angus Alive, it is wholly owned by the Council. The Council is also exposed to certain risks and rewards at a strategic level. Under the definitions within the Accounting Code of Practice, the Council therefore effectively has control over Angus Alive and the income, expenditure, assets and liabilities of Angus Alive have therefore been consolidated on a subsidiary line by line basis.

A copy of Angus Alive's 2016/17 accounts may be obtained from: Head Office, St Margaret's House, Orchardbank Business Park, Forfar, DD8 1WS.

##### *Charitable Trusts and Endowments*

Angus Council administers 2 Charitable Trusts (Strangs Mortification and Angus Council Charitable Trust) and a number of Endowments and whilst the Council does not have control over these funds, they have been considered for inclusion in the Group Accounts on the basis of applying the principle that the substance of the relationship indicates control by the Council. The income, expenditure, assets and liabilities of the Charitable Trusts have therefore been consolidated on a subsidiary line by line basis. Separate detail of the aggregate Income & Expenditure and Balance Sheet position of the Charitable Trusts is included as a separate statement in Angus Council's accounts.

##### *Common Good Funds*

Angus Council administers the Common Good Funds of the area and whilst the Council does not have legal title over the assets of these Funds, they are legally vested in the Council and have therefore been considered for inclusion in the Group Accounts on the basis of applying the principle that the substance of the relationship indicates control by the Council. The income, expenditure, assets and liabilities of the Common Good Funds have therefore been consolidated on a subsidiary line by line basis. Separate detail of the aggregate Income & Expenditure and Balance Sheet position of the Common Good Funds is included as a separate statement in Angus Council's accounts.

#### Associates

Two entities have been consolidated as associates into Angus Council's Group Accounts in 2016/17 – Tayside Valuation Joint Board and Tayside Contracts Joint Committee. The accounting period for both entities is the year to 31 March and is therefore aligned with Angus Council's accounting period. The accounts of each associate entity are published separately.

Whilst Angus Council does not have control of these entities, Angus Council's share of the results of each have been included in the Group Accounts as Angus Council has voting rights and the ability to exercise significant influence over each entity. Each entity has therefore been incorporated in the Group Accounts under the equity method of accounting for associates. Angus Council's interest in each entity is deemed to have been obtained on an acquisition basis, however no consideration was given and therefore no goodwill requires to be accounted for.

##### *Tayside Valuation Joint Board*

Tayside Valuation Joint Board, which is jointly administered along with Dundee City and Perth & Kinross Councils, was created in 1996 to take over from the local authorities in the area for specified duties in relation to valuation for rating and Council Tax.

Recognition has been made within the Group Accounts of the Council's interest which is based on its share of the contribution made to Tayside Valuation Joint Board of 26.16% (the share in 2015/16 was also 26.16%). A copy of Tayside Valuation Joint Board's 2016/17 accounts may be obtained from: Director of Corporate Services, Dundee City Council, Floor 4, Dundee House, 50 North Lindsay Street, Dundee, DD1 1NZ.

#### *Tayside Contracts Joint Committee*

Tayside Contracts Joint Committee was set up in its present form in 1996 by Angus, Dundee and Perth & Kinross Councils to provide specialist services in areas such as construction, catering and facilities management.

Recognition has been made within the Group Accounts of the Council's interest which is based on its agreed share of the investment in Tayside Contracts for 2016/17, which is 33.9% (the share in 2015/16 was 31.70%). A copy of Tayside Contracts' 2016/17 accounts may be obtained from: 1 Soutar Street, Dundee, DD3 8SS.

#### Joint Venture

##### *Angus Integration Joint Board*

Angus Integration Joint Board (AIJB) was established in 2015 as a body corporate by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014 on 3<sup>rd</sup> October 2015. It is a formal partnership between NHS Tayside and Angus Council to deliver health and social care from 1<sup>st</sup> April 2016. The 2016/17 Group Accounts are therefore the first to incorporate the AIJB. The accounting period of AIJB is 31 March.

In accordance with LASAAC/TAG guidance, the AIJB has been consolidated into the Group Accounts as a Joint Venture using the equity method. This is on the basis of the existence of a separate vehicle to deliver services (the AIJB) and the council having rights to share net assets rather than rights / obligations in relation to particular assets / liabilities.

Recognition has been made within the Group Accounts of the Council's interest which is based on LASAAC/TAG Guidance in as much as partners do not have an automatic right of return of unused funds (available reserves), rather the partners have 50%/50% control over the utilisation, with the IJB remit, of any carried forward reserves.

A copy of AIJB's 2016/17 accounts may be obtained from: Chief Finance Officer, Angus Health & Social Care Partnership, St Margaret's House, Orchardbank Business Park, Forfar, DD8 1WS.

#### **Note 5 - Financial Impact of Consolidation and Going Concern**

The net effect of inclusion of Angus Integration Joint Board (joint venture), Tayside Valuation Joint Board (associate), Tayside Contracts (associate), Angus Alive (associate), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £16.689m (2015/16 showed an decrease of £5.250m).

All entities have prepared their accounts on a "going concern" basis and in common with these bodies, Angus Council's Group Accounts have also been prepared on a "going concern" basis.

Apart from the disclosures made in the notes to the Group Accounts, there were no material amounts or details in relation to associates or managed funds.

#### **Note 6 – Prior Period Adjustments**

There are no prior period adjustments to report.

#### **Note 7 - Non-Adjusting Event After the Reporting Period**

There were no non-adjusting events.

#### **Note 8 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts of the various group entities contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. As balances cannot be determined with certainty however, actual results could be materially different from the assumptions and estimates. The item for which there is the most significant risk of material adjustment in the forthcoming year continues to be the estimation of the net liability to pay pensions as this depends upon 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.

No amendments have been made following the referendum vote to leave the EU, as the impact on the financial positions of the entities included in the Group accounts is unclear at this time.

**Note 9 - Group Cash Flow Statement – Operating Activities**

2015/16 £000		2016/17 £000
<b>6,081</b>	<b>Net surplus or (deficit) on provision of services</b>	<b>(19,225)</b>
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
40,922	Depreciation on Non Current Assets	39,815
(913)	Impairment and downwards valuations	3,227
47	Amortisation on Intangible Assets	47
(61)	Increase / (Decrease) in Interest Creditors	(19)
361	Increase / (Decrease) in Creditors	5,914
20	(Increase) / Decrease in Interest Debtors	(29)
1,697	(Increase) / Decrease in Debtors	(1,746)
65	(Increase) / Decrease in Inventories	332
6,681	Pension Liability	10,588
495	Other Non Cash Transactions	51
	Contributions to / (from) provisions	250
5,275	Carrying amount of non-current assets sold	(446)
0	Movement in Investment Property Value	6,137
2,255	(Surplus) / Deficit attributable to Associates / Joint Ventures	1,166
0	(Surplus) / Deficit attributable to Jointly Controlled Entities	(291)
<b>56,844</b>	<b>Total Adjustments</b>	<b>64,996</b>
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
0	Interest paid	0
0	Interest element of finance lease payments	0
(25,524)	Capital Grants credited to surplus / deficit on the provision of services	(15,515)
0	Net adjustment from the sale of short and long term investments	(84)
(2,136)	Proceeds from the sale of PPE and intangible assets	(3,586)
<b>(27,660)</b>	<b>Total Adjustments</b>	<b>(19,185)</b>
<b>35,265</b>	<b>Net cash flows from operating activities</b>	<b>26,586</b>

The cash flows for operating activities include the following items:

2015/16 £000		2016/17 £000
<b>862</b>	Interest received	<b>887</b>
<b>(15,762)</b>	Interest Paid	<b>(15,886)</b>
<b>345</b>	Dividends received	<b>42</b>

**Note 10 - Group Cash Flow Statement – Investing Activities**

2015/16 £000		2016/17 £000
(57,572)	Purchase of property, plant and equipment, investment property and intangible assets	(41,974)
(49)	Purchase of short-term and long-term investments	(5,168)
0	Other payments for investing activities	0
3,473	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,112
430	Proceeds from short-term and long-term investments	126
0	Net cash / (overdraft) acquired with Subsidiary	0
26,156	Other receipts from investing activities	16,227
<b>(27,562)</b>	<b>Net cash flows from investing activities</b>	<b>(26,677)</b>

**Note 11 - Group Cash Flow Statement – Financing Activities**

2015/16 £000		2016/17 £000
5,049	Cash receipts of short and long-term borrowing	4,156
0	Other receipts from financing activities	0
(2,070)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,071)
(6,327)	Repayments of short and long-term borrowing	(4,777)
0	Other payments for financing activities	511
<b>(3,348)</b>	<b>Net cash flows from financing activities</b>	<b>(2,181)</b>

**Note 12 – Group Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements:

2015/16 £000		2016/17 £000
471	Cash held by the Group	1,716
(623)	Bank Overdraft	(415)
10,570	Cash Investments	6,845
<b>10,418</b>	<b>Total Cash and Cash Equivalents</b>	<b>8,146</b>

**Note 13 – Short Term Debtors (net of provisions)**

2015/16 £000		2016/17 £000
21,717	Angus Council Debtors	22,905
11	Charitable Trusts Debtors	21
5	Common Good Fund Debtors	5
568	Angus Alive Debtors	572
(447)	Exclude Intra Company Debtors	(601)
<b>21,854</b>	<b>Total Group Debtors</b>	<b>22,902</b>

**Note 14 - Short Term Investments**

2015/16 £000		2016/17 £000
35,465	Angus Council Short Term Investments	40,468
29	Charitable Trusts Short Term Investments	18
<b>35,494</b>	<b>Total Group Short Term Investments</b>	<b>40,486</b>

**Note 15 – Short Term Creditors**

2015/16 £000		2016/17 £000
38,019	Angus Council Creditors	41,473
0	Charitable Trusts Creditors	0
24	Common Good Fund Creditors	26
871	Angus Alive Creditors	1,741
(447)	Exclude Intra Company Creditors	(601)
<b>38,467</b>	<b>Total Group Creditors</b>	<b>42,639</b>

**Note 16 – Liability Related to Defined Benefit Pension Scheme**

2015/16 £000		2016/17 £000
124,665	Angus Council – Pensions Liability	197,186
4,685	Angus Alive – Pensions Liability	9,210
<b>129,350</b>	<b>Total Group Pension Liability</b>	<b>206,396</b>

**Note 17 - Grant Income**

With the exception of £6,000 Other Capital Contributions received by Tayside Joint Valuation Board (£9,000 in 2015/16) the grants, contributions and donations reflected in the Taxation and Non-Specific Grant Income line of the Comprehensive Income & Expenditure Statement all relate to Angus Council as detailed in note 10 to the single entity accounts.

**Note 18 – Additional Disclosure**

The percentage of gross liability to the Group gross liability for each consolidating entity is:

2015/16 %		2016/17 %
<b>0.36%</b>	Tayside Valuation Joint Board	<b>0.40%</b>
<b>4.19%</b>	Tayside Contracts	<b>4.68%</b>
<b>0.00%</b>	Angus Integration Joint Board	<b>0.00%</b>
<b>1.32%</b>	Angus Alive	<b>2.02%</b>

As noted in the table below, the main liability relates to the obligations of the above in respect of defined benefit pension schemes. The pension accounting requirements of Financial Reporting Standards (FRS 17) and International Accounting Standards (IAS 19) have been applied to the accounting statements. There is no pension scheme associated with Angus Integration Joint Board as AIJB do not directly employ staff.

2015/16 Pension Scheme Obligations £000	2015/16 Total Gross Liabilities £000		2016/17 Pension Scheme Obligations £000	2016/17 Total Gross Liabilities £000
1,335	1,503	Tayside Valuation Joint Board	2,019	2,186
10,233	17,679	Tayside Contracts	17,500	25,294
n/a	0	Angus Integration Joint Board	n/a	0
4,685	5,556	Angus Alive	9,210	10,951

#### Note 19 – Group Reserves

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.337m. This reserve is not freely available for general use as it is subject to restrictions for specified charitable purposes, and is therefore ring-fenced within the Group Reserves.

Further details in respect of the Charitable Trusts, including the reserve, can be found in the separate statement and notes within Angus Council's accounts.

#### Note 20 – Other Satellite Organisations

Tayside and Central Scotland Transport Partnership has been excluded from the consolidated accounts on the basis that Angus Council's share of the organisation equates to both the following criteria:

- a) the share of net assets is less than 1% of Angus Council's net assets; and
- b) the share of net revenue expenditure is less than 1% of Angus Council's net revenue budget.

In addition the following organisations were not consolidated on the basis that they are deemed to have no group relationship with Angus Council:

- i) Angus Community Care Charitable Trust
- ii) Angus Environmental Trust
- iii) Dundee Energy Recycling Ltd
- iv) Business Gateway Tayside
- v) Tay Road Bridge
- vi) Angus Care & Repair
- vii) Scotland Excel

#### Note 21 – Audit of Group Entities

The outcome for the entities consolidated into Angus Council's Group Accounts is as follows:

##### Subsidiaries

Charitable Trusts – separate statement within Angus Council's accounts – accounts finalised – true and fair view.

Common Good – separate statement within Angus Council's accounts – accounts finalised – true and fair view.

Angus Alive – draft accounts issued for audit (Henderson Loggie) – audit in progress – accounts to be submitted to Companies House by 31 December 2017.

##### Associates

Tayside Valuation Joint Board – true and fair view (Audit Scotland).

Tayside Contracts – true and fair view (Audit Scotland).

##### Joint Venture

Angus Integration Joint Board – true and fair view (Audit Scotland).

In all of the above cases the audit opinion determines whether the financial statements give a true and fair view in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2017 and their income and expenditure for the year ended: and that the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973, the Companies Act 2006 or the Charities and Trustee Investment (Scotland) Act 2005.

**HRA Income and Expenditure Statement for the Year Ended 31 March 2017**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2015/16 Actual £000		2016/17 Actual £000	2016/17 Actual £000	2016/17 Budget £000
	<b>Expenditure</b>			
6,768	Repairs and Maintenance	7,349		7,511
7,172	Supervision and Management	6,932		8,092
527	Void Rents	539		495
12,012	Depreciation and impairment of non-current assets	12,377		12,377
439	Movement in the allowance for bad debts	488		500
793	Other expenditure	759		833
<b>27,711</b>	<b>Total Expenditure</b>		<b>28,444</b>	<b>29,808</b>
	<b>Income</b>			
(24,358)	Dwelling Rents	(24,714)		(24,834)
(527)	Non-Dwelling Rents	(508)		(542)
(59)	Housing Support Grant	(88)		(88)
(1,112)	Other Income	(1,361)		(1,435)
<b>(26,056)</b>	<b>Total Income</b>		<b>(26,671)</b>	<b>(26,899)</b>
1,655	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		1,773	2,909
280	HRA share of Corporate and Democratic Core		270	278
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		0	0
<b>1,935</b>	<b>Net cost of HRA Services</b>		<b>2,043</b>	<b>3,187</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>			
1,290	(Gain) or loss on sale of HRA non-current asset		2,357	2,357
1,676	Interest payable and similar charges		1,634	1,896
(2)	Interest and investment income		(6)	(2)
135	Pension interest cost and expected return on pension assets		164	164
(2,141)	Non-specific Grant Income		(2,012)	(2,012)
<b>2,893</b>	<b>(Surplus) or Deficit for the year on HRA services</b>		<b>4,180</b>	<b>5,590</b>

**Movement on the HRA Statement for the Year Ended 31 March 2017**

This statement shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year.

2015/16 £000		2016/17 £000	2016/17 £000
(3,563)	Balance on the HRA at the end of the previous year		<b>(5,691)</b>
2,893	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		4,180
(5,137)	Adjustments between accounting basis and funding basis under statute		(3,111)
(2,244)	Net (Increase) or decrease before transfers to or from reserves		<b>1,069</b>
	Transfers to / (from) earmarked reserves:		
(49)	Affordable Housing Account	(300)	
165	Prepaid Capital Grants	0	
116	Net transfer to / from earmarked reserves		<b>(300)</b>
<b>(5,691)</b>	<b>Housing Revenue Account surplus carried forward</b>		<b>(4,922)</b>
	<b>Summary of HRA Balance Commitments</b>		
1,000	Minimum Policy Level		1,000
687	Survive and Thrive Commitment		687
2,128	Early Repayment of Debt		1,359
1,876	Scottish Housing Quality Standard / New Build		1,876
<b>5,691</b>	<b>Total HRA Balance Commitments</b>		<b>4,922</b>

**Notes to the HRA Income and Expenditure Statement**
**Note of reconciling items for the Movement on HRA Statement**

2015/16 £000		2016/17 £000	2016/17 £000
	<b>Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement</b>		
(12,012)	Depreciation		(12,377)
(1)	Employee Benefits		0
(259)	IAS 19 Pension Adjustment		(201)
<b>(12,272)</b>			<b>(12,578)</b>
	<b>Items not included in the HRA Net Cost of Services but included in the Movement on HRA Statement</b>		
396	Loans fund principal repayments		2,541
6,139	Capital expenditure funded by the HRA		7,135
49	Capital expenditure funded by Affordable Housing Reserve		300



1,976	Non Specific Grant Income		2,012
(135)	HRA Share of contributions to or from the Pensions Reserve		(164)
<b>8,425</b>			<b>11,824</b>
	<b>Gain/Loss on Sale of HRA non-current assets</b>		
1,722	Non-current assets sales proceeds (net of cost of sales)		3,110
(3,012)	Net Book Value of non-current assets sold		(5,467)
<b>7,135</b>			<b>9,467</b>
<b>(5,137)</b>	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		<b>(3,111)</b>

### Housing Stock

The stock relating to the Housing Revenue Account was as follows:

2015/16		2016/17
40% / 60%	Houses / Maisonettes	40% / 60%
	<b>Stock changes can be summarised as follows:-</b>	
7,764	Stock at 1 April	<b>7,705</b>
	<b>Add:</b>	
2	New Build	8
48	Conversions	14
	<b>Less:</b>	
(38)	Right to Buy Sales	(73)
(71)	Closures / Demolitions	(1)
7,705	<b>Stock at 31 March</b>	<b>7,653</b>

Right to buy was abolished by the Scottish Government from 1 August 2016 resulting in a significant increase in the number of applications received ahead of the abolition date.

### Rent Arrears

Rent arrears as at 31 March 2017 were £2.314 million, and the comparable figure for 31 March 2016 was £2.034 million.

The provision for bad or doubtful debt has been increased from £1.316 million at 31 March 2016 to £1.478 million at 31 March 2017.

### Prior Year Items

There are no exceptional or prior year items disclosed in the 2016/17 HRA Income and Expenditure Statement.

**Council Tax**

**Income Account**

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income & Expenditure Statement of the Authority.

2015/16 £000		2016/17 £000
54,970	<b>Gross Council Tax Levied &amp; contributions in Lieu</b>	55,287
(5,153)	Council Tax Reduction Scheme (CTRS)	(5,067)
0	Discounts for Prompt Payment	0
(6,396)	Other Discounts & Reductions	(6,538)
(829)	Write-off of Uncollected Debts & Allowances for Impairments	(802)
42,592	<b>Net Council Tax Income</b>	<b>42,879</b>
(43)	Adjustment to previous years' Community Charge & Council Tax	231
42,549	<b>Transfers to the General Fund</b>	<b>43,110</b>

**Council Tax Income**

The Council Tax charge is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of the occupants of the property.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two adult residents of a property. Discounts are made for unoccupied property. Persons who are in detention, qualifying students and people with learning disabilities are disregarded for Council Tax purposes. Reductions in Council Tax payable are also available for people with other qualifying disabilities. The range of values and the fractions used in calculating the Council Tax payable for each valuation band are set out below.

Valuation Band	Property Valuation Range	Fraction of Band D
A	£0 - £27,000	6/9
B	£27,001 - £35,000	7/9
C	£35,001 - £45,000	8/9
D	£45,001 - £58,000	9/9
E	£58,001 - £80,000	11/9
F	£80,001 - £106,000	13/9
G	£106,001 - £212,000	15/9
H	Over £212,000	18/9

## Calculation of the Council Tax Charge Base 2016/17

2015/16		Valuation Band								2016/17
TOTAL		A	B	C	D	E	F	G	H	TOTAL
55,362	Total Number of Properties	15,240	12,762	7,069	8,527	7,397	2,996	1,624	172	55,787
1,744	Less Exemptions/ Deductions	842	388	167	115	142	64	26	23	1,767
5,023	Less Adjustment for Single Discounts	2,214	1,184	595	560	364	93	50	3	5,063
760	Less Adjustment for Double Discounts	340	169	120	91	58	33	20	11	842
47,835	Effective Number of Properties	11,844	11,021	6,187	7,761	6,833	2,806	1,528	135	48,115
	Band D Equivalent Factor (Ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
44,607	Band D Equivalent Number of Properties	7,893	8,572	5,500	7,761	8,351	4,053	2,547	270	44,947
892	Less Provision for Non-Collection 2%	158	171	110	153	167	81	51	6	897
43,715	<b>Base as per Budget Setting</b>	<b>7,735</b>	<b>8,401</b>	<b>5,390</b>	<b>7,608</b>	<b>8,184</b>	<b>3,972</b>	<b>2,496</b>	<b>264</b>	<b>44,050</b>
4,968	Less CTRS Band D Equivalent	2,485	1,239	537	358	161	54	23	2	4,859
38,747		<b>5,250</b>	<b>7,162</b>	<b>4,853</b>	<b>7,250</b>	<b>8,023</b>	<b>3,918</b>	<b>2,473</b>	<b>262</b>	<b>39,191</b>

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2016/17 Council Tax income of £47.222m. Inclusion of £0.050m provision for income from prior years' charges and the Council Tax Reduction Scheme payments of £5.324m, results in a net budget for Council Tax income of £41.948m.

## Council Tax Properties and Council Tax Charges

2015/16 Effective Number of Properties	2015/16 Total Council Tax Charge £		2016/17 Effective Number of Properties	2016/17 Total Council Tax Charge £
11,944	714.67	A	11,844	714.67
10,972	833.78	B	11,021	833.78
6,141	952.89	C	6,187	952.89
7,582	1,072.00	D	7,761	1,072.00
6,796	1,310.22	E	6,833	1,310.22
2,757	1,548.44	F	2,806	1,548.44
1,507	1,786.67	G	1,528	1,786.67
136	2,144.00	H	135	2,144.00
<b>47,835</b>			<b>48,115</b>	

**Non-Domestic Rates Income Account**

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2015/16 £000		2016/17 £000
37,647	<b>Gross Rates Levied &amp; Contributions in Lieu</b>	38,810
(10,362)	Reliefs & Other Deductions	(10,592)
0	Payment of Interest	0
(13)	Write-offs of uncollectable debts & allowances for impairment	(463)
27,272	<b>Net Non-Domestic Rate Income</b>	<b>27,755</b>
(446)	Adjustment to previous years' National Non-Domestic Rates	(1,245)
0	Non-Domestic Rate Income Retained by Authority (BRIS)	(70)
26,826	<b>Contribution to Non-Domestic Rate Pool</b>	<b>26,440</b>

Non-Domestic Rate Income as reported under Taxation and Non-Specific Grant Income comprises income assigned by the Scottish Government from the national non-domestic rates pool, as well as non-domestic rate income which is not submitted to the pool but is retained by the Council.

2015/16 £000		2016/17 £000
30,792	Distribution from Non-Domestic Rate Pool	29,410
0	Non-Domestic Rate Income Retained by Authority (BRIS)	70
30,792	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	<b>29,480</b>

The 2016/17 rate poundage which is set nationally was 48.4p with a large business supplement of 2.6p (rateable value in excess of £35,000).

Rateable Subjects and Values (1 April 2016)

Rateable Value as at 1 April 2015 £000	No of properties	Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2016 £000
17,163	1,145	Shops	1,151	17,250
1,387	95	Public Houses	94	1,376
5,382	492	Offices including banks	490	5,293
1,500	62	Hotels etc	60	1,429
20,793	1,126	Industrial Subjects etc	1,133	21,214
3,645	411	Leisure, Entertainment, Caravans etc	423	4,774
1,294	113	Garages and Petrol Stations	112	1,290
477	57	Cultural	58	515
493	162	Sporting Subjects	162	485
8,345	91	Education and Training	89	8,041
6,904	333	Public Service Subjects	339	6,921
120	14	Communications (Non Formula)	13	125
551	21	Quarries Mines etc	21	556
957	173	Religious	173	948
5,667	129	Health & Medical Care	127	5,707
2,353	357	Other	360	2,328
77,031	4,781	Total	<b>4,805</b>	<b>78,252</b>

**Charitable Trusts**

The Council acts as sole trustee for a total of 59 Charitable Trusts and Endowments including 54 Educational Endowments. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2017.

**Income and Expenditure Account for the year ended 31 March 2017**

	2016/17			2015/16
	OSCR Registered £000	Other £000	Total £000	£000
<b>Expenditure</b>				
Beneficiaries	28	0	28	31
Administration	15	1	16	13
<b>Total Expenditure</b>	<b>43</b>	<b>1</b>	<b>44</b>	<b>44</b>
<b>Income</b>				
Rents, feu duties, dividends and interest	(51)	(0)	(51)	(51)
Loans Fund interest	(12)	(1)	(13)	(5)
<b>Total Income</b>	<b>(63)</b>	<b>(1)</b>	<b>(64)</b>	<b>(56)</b>
<b>(Surplus)/Deficit</b>	<b>(20)</b>	<b>0</b>	<b>(20)</b>	<b>(12)</b>

**Balance Sheet as at 31 March 2017**

	2016/17			2015/16
	OSCR Registered £000	Other £000	Total £000	£000
<b>Non Current Assets</b>				
Heritable Property	0	2	2	2
<b>Total Non Current Assets</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Long Term Investments</b>	<b>1,315</b>	<b>0</b>	<b>1,315</b>	<b>1,191</b>
<b>Current Assets</b>				
Debtors	21	0	21	11
Short Term Investments	18	0	18	29
Revenue Advances to Loans Fund	765	216	981	955
<b>Total Current Assets</b>	<b>804</b>	<b>216</b>	<b>1,020</b>	<b>995</b>
<b>Current Liabilities</b>				
Creditors and accruals	0	0	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Working Capital</b>	<b>804</b>	<b>216</b>	<b>1,020</b>	<b>995</b>
<b>Total Net Assets</b>	<b>2,119</b>	<b>218</b>	<b>2,337</b>	<b>2,188</b>
<b>Reserves</b>				
Revenue Account	99	110	209	188
Capital Account	2,020	108	2,128	2,000
<b>Total Reserves</b>	<b>2,119</b>	<b>218</b>	<b>2,337</b>	<b>2,188</b>

The accounts were issued for audit on 30 June 2017 and the audited accounts were authorised for issue by the Head of Corporate Finance on the 26 September 2017.

Ian Lorimer CPFA  
Head of Corporate Finance  
26 September 2017

**Notes - Principal Trust Funds**

Balance at 31/3/17 Capital £000	Balance at 31/3/17 Revenue £000	Charity	Area Covered
67	6	ACCT – Ward 1	Kirriemuir and Dean
147	13	ACCT – Ward 2	Brechin and Edzell
67	2	ACCT – Ward 3	Forfar and District
12	3	ACCT – Ward 4	Monifieth and Sidlaw
65	7	ACCT – Ward 5	Carnoustie and District
60	5	ACCT – Ward 6 & 7	Arbroath East & Lunan and West Letham
117	3	ACCT – Ward 8	Montrose and District
74	6	ACCT – Angus Wide	Angus Wide
1,410	53	Strang Mortification	Forfar

**Capital Reserves**

The movement on the Charitable Trusts Capital Reserve is summarised below:-

	Balance at 1/4/16 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/3/17 £000
Movement during year	1,981	147	0	0	2,128

**Nature of Assets and Liabilities**

2015/16 £000	Summary and Nature of Assets and Liabilities	2016/17 £000
2	Non-Current Assets – Heritable Property	2
	Long Term Investments:	
24	Government Securities	1
1,167	Managed Funds	1,314
995	Current Assets *	1,020
<b>2,188</b>	<b>Total Gross Assets</b>	<b>2,337</b>
0	Current Liabilities **	0
0	<b>Total Gross Liabilities</b>	0
<b>2,188</b>	<b>Total Net Assets</b>	<b>2,337</b>

\* Current Assets comprise cash at bank, debtors due within 1 year and cash invested with the Council's Loans Fund

\*\* Current Liabilities comprise creditors due within 1 year

**Registered Charities**

Of the 59 Charitable Trusts and Endowments the Council is Trustee for, 2 are registered charities and require to be administered in line with the requirements of the Office of the Scottish Charities Regulator (OSCR). These are Angus Council Charitable Trust (SC044695) and Strang's Mortification (SC018687).

OSCR registered Trusts are governed by the Charities Accounts (Scotland) Regulations 2006, whilst those Trusts not registered with OSCR are governed by the same International Financial Reporting Standards as Angus Council's accounts. In this regard the Income and Expenditure and the Balance Sheet shown above detail separately the positions for the OSCR registered Trusts and those not OSCR registered as well as the overall total.

**Financial Instruments**

In respect of financial instruments held by the Charitable Trusts, these all relate to investments and minor creditors and debtors due within 1 year. As the creditors and debtors are for relatively insignificant sums and the investments are all carried at fair value in the Balance Sheet, no further disclosures are necessary in respect of Charitable Trusts financial instruments.

**Charities Reorganisation Proposals**

The Council previously administered a total of 196 Charitable Trusts and Endowments. In conjunction with OSCR, the Council reorganised these Trusts and Endowments by consolidating 97 registered Charities and 42 non-registered Trusts into a new single charity. OSCR approved this consolidation and the transfer was effected as at 1 August 2014. The only registered charity not encompassed by the consolidation was Strangs Mortification which remains as a separate charity. The remaining 56 non-registered Trusts are primarily Educational Endowments and remain unchanged.

**Audit Arrangements**

The 2 OSCR registered Charities are subject to independent external audit and this is being carried out by the Council's external auditors (Audit Scotland). The audit fee of £1.5k has been included in Angus Council's audit fee and disclosed in their accounts.



**Common Good**

The Common Good is administered by local authorities in Scotland. It is vested in the local authority. In Angus the Council administers the Common Good Account for five towns within the district. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2017.

**Income and Expenditure Account for the year ended 31 March 2017**

Actual 2015/16 £000		Budget 2016/17 £000	Actual 2016/17 £000
	<u>Expenditure</u>		
22	Property Costs	27	47
3	Supplies and Services	22	29
25	Central Support Services Charges	27	23
554	Projects	365	80
22	Loan Interest Payable	42	42
206	Depreciation & Impairment	0	122
<b>832</b>	<b>Total Expenditure</b>	<b>483</b>	<b>343</b>
	<u>Income</u>		
(298)	Fees, Charges etc	(307)	(317)
(20)	Interest on Loan	(21)	(18)
(4)	Other Income	0	0
<b>(322)</b>	<b>Total Income</b>	<b>(328)</b>	<b>(335)</b>
<b>510</b>	<b>Net (Surplus)/Deficit</b>	<b>155</b>	<b>8</b>

**Balance Sheet as at 31 March 2017**

2015/16 £000		2016/17 £000
	<b>Non Current Assets</b>	
5,246	Heritable Property (less Depreciation), Other Assets	5,131
<b>5,246</b>	<b>Total Non Current Assets</b>	<b>5,131</b>
5	Long Term Debtors	0
	<b>Current Assets</b>	
5	Debtors	5
2,960	Revenue Advances to Loans Fund	3,102
<b>2,965</b>	<b>Total Current Assets</b>	<b>3,107</b>
	<b>Current Liabilities</b>	
(24)	Creditors and Accruals	(26)
<b>(24)</b>	<b>Total Current Liabilities</b>	<b>(26)</b>
<b>2,941</b>	<b>Working Capital</b>	<b>3,081</b>
(385)	Long Term Creditor	(359)
<b>7,807</b>	<b>Total Net Assets</b>	<b>7,853</b>
	<b>Usable Reserves</b>	
2,207	Revenue Cash	2,321
763	Capital Cash	786
	<b>Unusable Reserves</b>	
2,187	Revaluation Reserve Account	2,106
2,650	Capital Adjustment Account	2,640
<b>7,807</b>	<b>Total Reserves</b>	<b>7,853</b>

The accounts were issue for audit on 30 June 2017 and the audited accounts were authorised for issue by the Head of Corporate Finance on the 26 September 2017.

Ian Lorimer CPFA  
Head of Corporate Finance  
26 September 2017

**USABLE RESERVES**

**1. Movement in Individual Common Good Reserve Funds:**

**Revenue**

	Revenue Cash at 31/03/16 £000	Income £000	Expenditure £000	Revenue Cash at 31/03/17 £000
Arbroath	632	91	(72)	651
Brechin	558	86	(53)	591
Forfar	601	93	(63)	631
Kirriemuir	7	0	0	7
Montrose	409	65	(33)	441
<b>TOTAL</b>	<b>2,207</b>	<b>335</b>	<b>(221)</b>	<b>2,321</b>

**Capital**

	Capital Cash at 31/03/16 £000	Income £000	Expenditure £000	Capital Cash at 31/03/17 £000
Arbroath	281	0	0	281
Brechin	166	23	0	189
Forfar	202	0	0	202
Kirriemuir	0	0	0	0
Montrose	114	0	0	114
<b>TOTAL</b>	<b>763</b>	<b>23</b>	<b>0</b>	<b>786</b>

**UNUSABLE RESERVES**

**Capital Adjustment Account**

	Reserve Account Balance at 31/03/16 £000	Movement 2016/17 £000	Reserve Account Balance at 31/03/17 £000
<b>TOTAL</b>	<b>2,650</b>	<b>(10)</b>	<b>2,640</b>

**Revaluation Reserve Account**

	Reserve Account Balance at 31/03/16 £000	Movement 2016/17 £000	Reserve Account Balance at 31/03/17 £000
<b>TOTAL</b>	<b>2,187</b>	<b>(81)</b>	<b>2,106</b>

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2016/17

	(Surplus) Deficit on Inc. & Exp. Account £000	Adjust for Non Cash Transactions (See Note 3) £000	Adjust for Cash Transactions (See Note 4) £000	Balance Advanced (To)/From Loans Fund £000
Arbroath	62	(81)	0	(19)
Brechin	(7)	(25)	0	(32)
Forfar	(23)	(7)	0	(30)
Kirriemuir	0	0	0	0
Montrose	(24)	(9)	0	(33)
<b>TOTAL MOVEMENT IN YEAR</b>	<b>8</b>	<b>(122)</b>	<b>0</b>	<b>(114)</b>
2015/16 Balance b/fwd cash due Loans Fund				(2,960)
Increase/(Decrease) per surplus above				(114)
Debtor Decrease – Montrose				(5)
Capital cash contribution – Brechin				(23)
<b>Cash due Loans Fund as at 31/03/17</b>				<b>(3,102)</b>

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation & impairment	(122)
<b>Total</b>	<b>(122)</b>

4. Cash Transactions Adjusted in Note 2 Above

	£000
	0
<b>Total</b>	<b>0</b>

The above Common Good accounts for 2016/17 and Balance Sheet as at 31/03/2017, have applied, where relevant, the same accounting policies as those for Angus Council's 2016/17 Annual Accounts as stated in "Note 1 – Statement of Accounting Policies" pages 29 – 40.

## **Independent auditor's report to the members of Angus Council and the Accounts Commission**

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 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Angus Council and its group for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate Income Account, Charitable Trusts, Common Good and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the council and its group as at 31 March 2017 and of the deficit on the provision of services of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 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 of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of the Head of Corporate Finance for the financial statements**

As explained more fully in the Statement of Responsibilities, the Head of Corporate Finance 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 Head of Corporate Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Corporate Finance; and the overall presentation of the financial statements.

My objectives are to achieve 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) 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 economic decisions of users taken on the basis of these financial statements.

### Other information in the annual accounts

The Head of Corporate Finance is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### Report on other requirements

#### Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my 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 I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA  
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29<sup>th</sup> September 2017