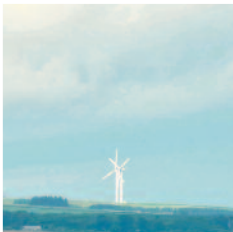


For year ending 31 March 2018

Annual Accounts

2017
2018



Angus Council – Annual Accounts 2017/18

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Management Commentary

1. Purpose

The Management Commentary explains Angus Council's financial performance for the year ended 31st March 2018. It aims to help people understand what the numbers are and what they tell them with some additional comment. It sets out what the Council is trying to achieve and the broader environment in which the Council operates. It outlines the future plans for the organisation and the challenges and risks it faces to meet the council's vision to make Angus a great place to live, work and visit.

Angus Council's financial results are presented in four primary statements (pages 34 to 37): Movement in Reserves Statement; Comprehensive Income and Expenditure Statement; Balance Sheet and Cash Flow Statement.

There are a large number of notes which give additional details on the figures in the four primary statements and these include the accounting policies adopted by Angus Council to ensure that the financial statements give a true and fair view of the Council's financial position and transactions. The format and content of local authorities' Annual Accounts are governed by The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

2. Introduction and Background

Angus Council is one of 32 Councils in Scotland established in 1996 as part of Local Government reorganisation. The Council covers an area of around 840 square miles, and has 28 elected Members serving a population of approximately 116,000. A coalition administration was formed at the statutory meeting of Angus Council on 16th May 2017. Full details of the elected members of Angus Council can be found at https://www.angus.gov.uk/council_and_democracy.

Fig. 1 The County of Angus



As stated above, Angus Council's vision is to make Angus a great place to live, work and visit. While we cannot make this happen on our own, by working with other organisations and communities, we can provide integrated, responsive and sustainable services that will help deliver this vision.

3. Our role

Traditionally, councils have been the direct and often sole provider of a very broad range of services. However, due to financial pressures, we can no longer do that. In the coming years we will be working more alongside our partners to focus our diminishing resources on efficiently targeting the areas of greatest need and creating the best outcomes for the people of Angus with the resources we have. 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; we will continue to support and enable communities. All of this will be achieved with a much clearer focus on outcomes, quality and sustainability.

This is set out in our [5 year plan for Angus Council](#). This was created with our elected members and is informed by our communities via our [Local Outcome Improvement Plan](#) (LOIP). The LOIP was created from [four locality plans](#) which were formed through community engagement and a series of charrettes.

4. The Council Plan

Within the council plan, we set out our four priorities which we work towards and measure our outcomes:

4.1. Economy

We want Angus to be a 'go to' area for businesses.

To do this we will:

- engage with Angus businesses through a regular programme to understand their needs and develop our services appropriately;
- work across Angus Council to make it easier, quicker and better to do business and invest in Angus;
- work with partners to improve the physical and digital infrastructure required to support business growth.

4.2. People

We want to maximise inclusion and reduce inequalities.

To do this we will:

- intervene early to keep children and young people safe;
- provide educational and social experiences that stretch and challenge our young people;
- help our young people go to positive destinations – and sustain them – when they leave school;
- work with Angus Health and Social Care Partnership to meet the needs of vulnerable adults – and their carers.

4.3. Place

We want our communities to be strong, resilient and led by citizens.

To do this we will:

- support planning in localities to identify the needs of our communities;
- support and equip our citizens to deliver on their local aspirations;
- increase the supply of affordable housing and improve the Council's housing stock.

4.4. Council

We want Angus Council to be efficient and effective.

To do this we will:

- focus on the needs of our customers;
- be efficient and effective in meeting identified needs;
- deliver our Change Programme.

4.5. Our Values

- we will continuously seek to improve our services;
- we will act with honesty and integrity at all times;
- we will act responsibly and will be accountable for our actions;
- we will do what we say and do it well;
- we will acknowledge when we get things wrong;
- we will promote equity and tackle discrimination and disadvantage.

5. Operating Context

The challenges which face Angus Council over the next five years will be the focus of work within our two service directorates: *People* and *Place* which are supported and monitored by our *Strategic Policy, Transformation & Public Sector Reform* function.

5.1. People

The remit for the People Directorate is to provide schools, and children and young people's services to individuals and families. This is achieved through the work of:

- the schools & learning service which has been mainly responsible for primary and secondary schools and any additional support needs within Angus relating to our young people;
- the children and young people's service whose main areas of responsibility include early years, statutory children's services and criminal justice social work;
- Digital Enablement, Information Technology & Human Resources.

5.2. Place

The remit of the Place Directorate is to provide services which include:

- roads & transport (roads, pavements, parking, flood & coastal protection);
- waste (waste collection and recycling);
- planning (applications, building warrants, conservation, environment & development planning);
- housing (council & social housing, private landlord registration, empty homes, homelessness, supported & sheltered housing);
- trading standards;
- parks & cemeteries (ground maintenance, landscaping services, tree management, allotments and burial grounds);

- environmental health (health & safety, food safety, pollution, animal welfare, pest control);
- emergency planning/resilience;
- Revenues & Benefits (Council Tax, benefits & money advice, welfare rights);
- Licensing and registrars;
- Finance & Legal Support Services.

5.3. Strategic Policy, Transformation & Public Sector Reform

The remit of the Strategic Policy, Transformation and Public Sector Reform unit is to monitor and support the roles of the two directorates with specific focus on:

- Strategic policy and economy;
- Governance and change;
- Internal audit.

All these corporate divisions work closely together to deliver services across localities according to their needs. However, Angus Council is just one part of the public service landscape and we work closely with other partners and arm's length external organisations such as:

- [Angus Health and Social Care Partnership](#) (our Integrated Joint Board);
- [Angus Alive](#);
- Charitable Trusts;
- Common Good;
- [Tayside Contracts Joint Committee](#).

More information on these partners can be found in the Group Accounts, pages 88-98.

6. Financial Context – How the budgets were set for financial year 2017/18

Angus Council's General Fund (which covers all non-Council Housing services) consists of the Revenue & Capital Grant provided by the Scottish Government, council tax income, prudential borrowing for capital purposes only, grants and contributions from external sources, capital receipts and ad-hoc funding from general fund balances.

Angus Council's general fund revenue and capital budget for 2017/18 were agreed at a special Council meeting on 16 February 2017, [report 58/17](#).

This budget strategy included directorate savings of £1.855 million, and change programme savings of £1.301 million. Changes in council tax legislation, covered in detail in [report 61/17](#), also contributed an estimated additional income of £1.719 million toward the funding gap.

In light of the Council's overall budget and reserves position, a further £4.296 million (of which £2.282 million was one-off measures for 2017/18 only) of savings were also included in order to deliver a balanced budget for 2017/18. These are detailed in [report 58/17](#). It was agreed that the funding gap of £1.475 million remaining would be met by implementing a 3% increase in Council Tax, as permitted by the Scottish Government in their Finance Settlement offer. This increased the estimate of Council Tax income by £1.475 million, allowing a balanced budget to be achieved for 2017/18.

The council's Housing Revenue Account (HRA) is funded by rents from council-owned properties. The revenue and capital budgets for the HRA were set at a special meeting of the Communities committee on [6 February 2018](#). The Council is required by statute to record the income and expenditure relating to the provision, improvement and management of Council House separately from the General Fund. This can be seen on the Housing Revenue Account statement on page 99.

7. Financial Results

The annual accounts report the financial performance of the Council and their purpose is to demonstrate that the council has used its public funds to deliver on the Council's vision and strategic objectives. The requirements governing the format and content of the Council's Annual Accounts are contained in the [Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 \(the 2017 code\)](#). The 2017/18 Annual Accounts have been prepared in accordance with this Code. A simplified summary of the Council's financial performance for 2017/18 is also available in Report [190/18](#) and its appendices. Some minor adjustments to the figures have arisen since that report was prepared.

The Accounting Code of Practice sets the format and content of local authority annual accounts and requires a set of accounting statements to be prepared which sets out the position at each financial year end. These accounts are prepared by the Head of Finance & Legal (Section 95 Officer) for submission to External Audit so that they may scrutinise their accuracy and completeness. The accounts present the council's financial transactions for the year and show that there has been a proper use of public funds as mentioned above.

The Accounting statements comprise of

- A movement in reserves statement;
- A comprehensive income and expenditure statement;
- A balance sheet;
- A cash flow statement;
- A variety of Accounting Notes which include a summary of significant accounting policies, analysis of significant figures within the accounting statements and other explanatory information.

7.1. What Revenue and Capital Expenditure Covers

Revenue expenditure covers all the costs of running and operating council services in any one year while capital expenditure represents money spent by the Council for buying, upgrading or improving assets such as buildings and roads.

The difference between capital and revenue expenditure is that the Council receives the benefit from capital expenditure over more than one year.

7.2. Revenue Outturn Position

The Comprehensive Income and Expenditure Statement below sets out the cost of running Angus Council Services (excluding Council Housing) over the financial year from 1 April 2017 to 31 March 2018.

Fig.2 Comprehensive Income and Expenditure Statement

	Net Spend £m	Net Budget £m	Variance £m
Chief Executives	6.877	7.779	0.902
People	138.123	141.607	3.484
Adult Services	46.067	46.067	0
Place	59.825	60.222	0.397
Other Services	4.224	8.783	4.559
Joint Boards	0.692	0.736	0.044
General Fund Net Expenditure	255,808	265,194	9,386

The Council spent £255.808 million during 2017/18 and achieved the following:

- Educated 14,984 children every day, taking 3,600 of them to and from 61 schools and fed 6,900 of them at lunchtime.
- Worked with 308 criminal justice cases, with 357 court orders currently open, as well as submitting approximately 540 Criminal Justice reports.
- Taught over 200 residents to develop their English language and 192 adults to improve their reading, writing and number skills.
- Increased the number of visitors to Angus with such events as The Open and Bon Fest.
- Continued to support over 200 children through Children's hearings and 1,400 other children's cases through our social workers.
- Operated 7 recycling centres and continued to uplift kerbside bins.
- Delivered 7,318 hours of personal care per week to around 1,000 people of all ages, to help them stay in their own homes.
- Undertook 80,000 individual inspections of play equipment, cut 70 million square metres of grass and inspected 3,811 trees
- Helped 100 children in foster care who are looking for their forever home and offered intensive support for 82 children so that they could remain in their own homes.
- Received and dealt with an average of 5,000 calls per month through our ACCESSLine.

The table above also shows that across all **general fund net expenditure** budgets there was a favourable variance against to the original budget of just over £9 million. This represents known and planned actions during 2017/18 as part of the Council's proactive financial management arrangements.

In broad terms, variances within Directorate revenue budgets arose due to the following main reasons:-

- Savings in staff costs (£4.5 million) – services have delayed recruitment to posts due to pending reviews and change programme savings requirements. Difficulties in recruitment causing delays have also been a factor;
- Lower spend by schools on DSM budgets and lower than expected property and school transport costs (£1.5 million);
- Overspends in costs impacted by weather e.g. roads winter maintenance, energy costs, etc. which naturally vary and are therefore difficult to predict from year to year;
- Slippage in projects and works – underspends against budgets in these areas arise for a variety of reasons. However, delays in recruitment meaning that there have been insufficient staff to progress projects in line with original timelines is a likely factor;
- Additional one-off receipt from the Residual Waste Management Contract (£2.8 million).

The savings on Directorate budgets for 2017/18 particularly in areas like staff costs also need to be viewed in the context of the further savings which have now been removed from Directorate budgets in 2018/19. A total of £7m of savings were implemented when the 2018/19 budget was set in February 2018.

7.3. Capital Outturn Position

Angus Council spent £35.834m during the year on various capital expenditure projects which is detailed in note 35 to the accounts. On a net basis (i.e. after accounting for dedicated capital receipts, grants and contributions), spend during 2017/18 was £28.910m.

The General Fund capital programme reported gross expenditure of £23.071m against a full year budget of £30.655m, representing slippage of £7.584m. This slippage arose mainly within Children & Learning (£4.498m) and Regulatory & Protective Services (£1.541m) due to:

- a change in the presentation on the Arbroath Schools Project (Phases 2 & 3a) from capital to revenue funded, as well as a rephrasing of expenditure on the capital funded elements;
- consideration of scope of restoration works required at Restenneth Landfill Site;
- deferral of spend associated with zero waste implementation following Council agreement to postpone a decision on recycling centre provision.

The most significant areas of General Fund capital expenditure (on a gross basis) undertaken during the year included:

- £1.4m on Montrose South Regeneration (Economic Development);
- £0.9m on agile office facilities and rationalisation of Council buildings (Strategic Policy, Transformation & Public Sector Reform);
- £1.4m on the provision of waste related services;
- £2.3m on the maintenance and upkeep of the council's buildings and property;
- £9.0m on infrastructure works to roads, footpaths, bridges, etc.;
- £1.2m on flooding / coastal protection related works;
- £1.5m on the provision of new primary schools in Arbroath.

For information more detailed narrative on capital investment plans, treasury management (borrowing and investments), prudential indicators and loans fund liabilities can be found at the Treasury strategy.

8. Housing Revenue Account (HRA) Revenue and Capital Outturns

Angus Council owns 7,621 properties for which it charges rent. All expenditure associated with these houses must be funded from the rental income generated. Any surplus or deficit at the end of the year is transferred into or out of the Housing Revenue Account (HRA) balances. For 2017/18, the transfer of a net deficit of £0.637m resulted in HRA balances of £4.285m.

The Housing Capital Programme reported expenditure of £12.763m, representing slippage of £1.021m against a budget of £13.784m.

Slippage arose within the programmes for: heating installations / replacements (£0.113 million); window replacements (£0.290 million); bathroom replacements (£0.479 million); and garage improvements (£0.299 million).

The most significant areas of HRA capital expenditure (on a gross basis) undertaken during the year included:

- £7.2m on new council housing provision;
- £1.6m on heating installations / replacements;
- £1.8m on energy saving measures;
- £0.8m on kitchen replacements.

9. Usable Council Reserves

The Council holds a number of Reserves and those which are classified as "Usable Reserves" for accounting purposes can be used to support service expenditure. All of the transactions on the General Fund and Housing revenue and capital budgets in 2017/18 affect the Council's reserves as does expenditure met directly from Reserves such as the Renewal and Repairs Fund. The Movement in Reserves Statement shows the balance on the Council's Usable Reserves.

Based on all of the transactions for the 2017/18 financial year the main usable reserves and their balance at 31 March 2018 are shown below together with the equivalent balances at 31 March 2017.

Fig. 3 Usable Reserves

	Balance As At 31/3/18 £m	Balance As At 31/3/17 £m	Movement £m
General Fund	26.601	25.663	0.938
Housing Revenue Account	4.285	4.922	(0.637)
Capital Fund	2.206	1.812	0.394
Renewal and Repairs Fund	2.903	3.976	(1.073)
Insurance Fund	1.397	1.281	0.116
Usable Capital Receipts	1.424	2.356	(0.932)
New Unapplied Grants	0.805	0.199	0.606
Other Reserves	<u>0.593</u>	<u>0.602</u>	<u>(0.009)</u>
Total	<u>40.214</u>	<u>40.811</u>	<u>(0.597)</u>

The General Fund balance is split between uncommitted balances (the level of funding available to Angus Council to manage financial risks and unplanned expenditure) and balances which have been committed for specific purposes.

The committed General Fund balance is £23.997m as of 31 March 2018, and includes £0.824m held on behalf of Angus schools under the Devolved School Management (DSM) Scheme which leaves £23.173m, committed as follows:

Fig. 4 Committed General Fund Balances

	£m
Working Balance/Contingency (per existing policy)	4.000
Applied in 2018/19 Budget Setting	5.235
Earmarked monies (including Earmarked Grants & Re-determinations) which will be used in 2018/19 and future years	6,893
Proposed 100% Revenue Budget Carry Forwards & Prior Year Carry Forwards	3.144
Angus Council Change Fund	1.477
Affordable Housing Revenue Account	2.424
Total Committed Within General Fund Reserve	23.173

Once this committed balance has been removed from the General Fund, the Council is then left with an uncommitted balance of £2.604m at 31 March 2018.

The Housing Revenue Account balances represent the accumulation of surpluses and deficits over past years in relation to Council Houses. The Housing Revenue Account ended 2017/18 with an overall net deficit of £0.637 million.

The Repairs and Renewals Fund Reserves at 31 March 2018 represent £2.903m; Property £0.931m; Information Technology £0.609m; Roads & Transport £0.410m; Parks & Cemeteries £0.176m and £0.765m Services to Communities.

The Insurance Fund covers the main classes of insurance and is specifically earmarked for possible future insurance claims.

The Capital Receipts Reserve represents the proceeds from non-current asset disposals not yet used and which are available to meet future capital expenditure.

The Capital Grants Unapplied Account holds those grants and contributions received towards capital projects where Angus Council has met the conditions that would otherwise require repayment of the monies, but the monies have yet to be applied to meet expenditure.

10. Balance Sheet

The Balance Sheet represents a snapshot of Angus Council's overall financial position on 31 March 2018. It brings together the year-end balances of all Angus Council's accounts and presents money owed to and by the Council,

assets owned and the balances and reserves at the Council's disposal. The overall net assets of Angus Council have increased by £119.274m from £389.223m in 2016-17 to £508.497m in 2017-18.

The significant changes in the Balance Sheet relate mainly to a £125.679m decrease in the net pension liability which in turn impacts on the Pension Reserve, more information is in note 21 of the Accounts.

11. Group Accounts

Angus Council has a material interest in a number of companies and joint ventures, which requires the preparation of Group Accounts. Details of the consolidated Group Accounts of Angus Council can be found on pages 88 to 98.

12. Financial Indicators

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends the inclusion of certain "financial ratios" in the Management Commentary to assist the reader to assess the performance of Angus Council over the financial year and 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.

Fig. 5 Financial Indicator Commentary

Financial Indicator	2017/18	2016/17	Purpose
Uncommitted General Fund reserve (incl contingency) as a proportion of annual budgeted net expenditure	2.6%	1.7%	Reflects the level of funding available to manage financial risk/unplanned expenditure.
Movement in the uncommitted General Fund balance	£2.270m	£(1.681)m	Reflects the extent to which the Council has increased/(decreased its uncommitted General Fund Reserve
Council Tax – In Year Collection Rate	97.8%	97.9%	Demonstrates the Council's effectiveness in collecting council tax debt
Ratio of council tax income to overall level of funding	17.9%	16.7%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income
Capital Financing Requirement	£276.374m	£283.372m	Measurement of requirements to borrow for capital purposes
External debt levels	£266.351m	£273.930m	Actual borrowing for capital investment purposes
Ratio of financing costs to net revenue stream	11.7% (GF) 7.8% (HRA)	10.7% (GF) 8.1% (HRA)	Measurement of the council's ability to fund borrowing costs

13. Council Performance 2017-18

Key Council Achievements

13.1 People

- Ambitious 30-year improvement programme for Angus schools agreed and work is underway including the opening of 2 new primary schools in Arbroath; Timmergreens and Warddykes;
- Our online school payments system went live allowing parents and carers to book and pay for school meals, trips and other school expenses 24/7;

- Supported development of the integrated joint board; Angus Health & Social Care Partnership which transitioned personal care to external suppliers whilst increasing skills and capacity within the council's services to enablement and responsive work;
- Is corporate parent to 265 children and educates just under 15,000 school pupils.

13.2 Place

- Lead partner on the [award winning](#) regeneration of Montrose South by using just £3million of capital funds to encourage the private sector to invest £100 million of capital investment and the creation of 300 new jobs;
- Partnership working to improve digital connectivity to Angus businesses, residents and visitors;
- Achieved national recognition of our [fire safety work](#) including fitting sprinkler systems into all new build council homes;
- £100 million waste disposal investment with Dundee City Council;
- Is working in partnership to progress proposals for the Tayside City Development Framework.

14 Looking Forward

14.1 Operating Principles

Angus Council's purpose is to improve the outcomes and opportunities for the people of Angus by making Angus a great place to live, work and visit. We will continue to work with our citizens to help make this happen.

Despite the very difficult financial climate, we continue to work to improve Angus Council and our mission is to be a better, stronger, more sustainable and smaller organisation.

Our [council plan](#) governs our decision-making, service planning and resource allocation. Our activities are based on priorities around economy, people, and place and we will also look at how we operate as a council.

The Council cannot do everything, but we will deliver on our priorities to the fullest possible extent. We will set targets for improvement and we will do everything that we can to meet them. We may reduce, or stop providing, some services but we will always work to meet the needs of our most vulnerable citizens.

We will change the way that we operate. We will be more outcome-focussed. All of our activities will clearly express the positive difference that they make. Our services will be efficient and effective.

We will work with individuals and communities to understand their wishes. We will be clear about where we can help, and where we cannot. Our priorities are in line with the Angus Local Outcomes Improvement Plan. We want Angus to be a great place for people to live, work and visit. We will work with voluntary organisations, community groups, businesses and other public services to identify the best way to progress.

We recognise that there are challenges ahead and difficult decisions to be made but there are also opportunities. Angus Council will be very different by 2022. Being better, stronger, more sustainable and smaller means adapting to circumstances; trying new ways of working; learning and adjusting.

Councillors and officers of Angus Council are committed to fulfilling the intentions, objectives and activities described in this plan.

We will change with our citizens and for our citizens.

14.2 Operating context

Every year Angus Council is required to adapt to new legislative requirements, new policies developed by the Scottish and UK Governments. Below are some recent developments:

- Early Learning & Childcare – provision of 1,140 hours of care for pre-school children;
- Community Empowerment including Community Asset Transfer and Participatory Budgeting;

- Education governance review, a consultation is currently underway into proposed governance reforms which will empower schools to take the decisions necessary to improve children's attainment;
- Local Governance Review, devolve more power to more local levels. The review will consider how powers, responsibilities and resources are shared across national and local spheres of government and with communities.

14.3 Financial Context

Angus Council like other local authorities in Scotland gets most of the money needed to provide services from grants provided by the Scottish Government. Some 80% of the Council's General Fund revenue budget (£264m in 2017/18) is paid for through these grants. Income from Council Tax pays for these services too but only covers 20% of their net cost. Current funding arrangements mean the Council is heavily dependent on government grant to pay for services and in recent years the level of that grant has been falling in real terms (taking into account inflation). Audit Scotland in their report [Local government in Scotland Challenges and performance 2018](#) identified that Council revenue funding from the Scottish Government has fallen in real terms by 9.6 per cent between 2010/11 and 2018/19.

In line with good practice the Council prepares plans and makes estimates of its expenditure and income into future years so it can be prepared for what may happen. The Council's latest [Medium Term Budget Strategy \(MTBS\) \(report 274/17\)](#) covers the period to 2020/21. The projected funding gap identified in that Strategy is the biggest challenge that the council faces in the next few years. The projected gap will be addressed primarily through the Council's Change Programme (a programme of transformation and changes projects) more information on which can be found in [Report 278/17](#). An update to the existing MTBS is being prepared for submission to councillors in September 2018.

The Change programme was budgeted to deliver savings of £10.3m in financial year 2018/19. In addition to this it is estimated that the programme will achieve savings totalling £17.363 million over financial years 2019/20 and 2020/21. This is not sufficient at present to address the projected funding gap identified in the MTBS as shown in the Table below.

Fig. 6 Comparison of Estimated Funding Gap and Estimated Savings from Change Programme

	2019/20 £m	2020/21 £m	2 Year Total £m
Funding shortfall (Base Projection)	14.6	11.3	25.9
Estimated Savings From Change Programme	9.8	7.6	17.4
Remaining Funding Gap	4.8	3.7	8.5

Part of the remaining funding gap shown in figure 6 could be met from council tax increases. A three per cent rise per annum would yield circa £3.0m over 2 years. Future Council Tax levels will be considered as part of the Council's budget setting process for the above years.

Angus Council is not alone when it comes to facing these challenges, all Councils in Scotland face similar issues, as detailed in the Accounts Commission's financial overview report for 2016/17. Key messages from this report are as follows:

- Councils are showing signs of increasing financial stress as financial challenges continue to grow. Funding reductions are compounded by increasing costs and demands on services. In response, councils have needed to achieve ambitious savings plans;
- Councils are finding it increasingly difficult to identify and deliver savings and more have drawn on reserves than in previous years to fund change programmes and routine service delivery. Some councils risk running out of General Fund reserves within two to three years if they continue to use them at levels planned for 2017/18. Twenty councils drew on reserves in 2016/17 and actual use of reserves was often quite different from original plans.

To provide further evidence of the scale of the challenge facing the council, the table below shows the savings that have already been achieved over the last three years and the full time equivalent posts which have been removed for the council's work force.

Fig. 7 Change Programme Staff Cost Savings

2015/16		2016/17		2017/18		TOTAL	
Savings Value £000's	Savings FTE	Savings Value £000's	Savings FTE	Savings Value £000's	Savings FTE	Savings Value £000's	Savings FTE
5,586	121.5	8,322	163.5	3,723	39.4	17,631	324.4

The financial context for the Council into future years remains an exceptionally challenging one but the Council is as well placed as it can be to take on this challenge both financially and culturally. Significant effort and investment is being put into working with communities and partners, to the development of the Council's senior leaders and to ensuring the Council is performance led and strong on self-evaluation. The Council's forward financial planning, its strong reserves, its prudent financial management and its comprehensive Change Programme also provide a solid base to tackle future challenges.

15 Conclusion & Acknowledgment

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 operate within budget and achieve prescribed financial objectives.

Accordingly, we wish to record our thanks to all of the council's staff for their essential contribution to helping ensure that essential public services were delivered within the financial targets set.

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 those who were involved.

Margo Williamson
Chief Executive
25 September 2018

Councillor Angus Macmillan Douglas
Depute Leader of the Council
25 September 2018

Ian Lorimer
Head of Finance & Legal
25 September 2018

Annual Governance Statement 2017/18

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 2018 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

This annual governance statement explains how the Council has complied with the terms of the local code for the year ended 31 March 2018. 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 governance framework comprises the systems, processes, values and culture by which the Council is governed. It enables the Council to monitor progress in achieving the outcomes set out in the Council Plan.

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 2017/18:

- 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. Margo Williamson took up her post as Chief Executive on 1 June 2017, following the retirement of the previous Chief Executive. From 1 June 2017, the number of Strategic Directors reduced from three to two.

In 2017/18, the corporate management structure was led by the Executive Management Team (EMT) and the Council Management Team (CMT). From 1 June 2017, EMT comprised the Chief Executive, two Strategic Directors, the Chief Officer Integration and the statutory officers (Monitoring Officer, Section 95 Officer and Chief Social Work Officer). The EMT members plus 6 Heads of Service formed the CMT.

In March 2017, Council agreed that a review of the management structure should be undertaken with a view to streamlining arrangements in line with the Council's ambition to be a better, stronger, more sustainable and smaller organisation. The outcomes of the review were reported to the Policy & Resources Committee in November 2017 ([R418/17](#)). The review resulted in a reduction of managers' posts from 207 to 165, including a reduction from 9 to 7 Head of Service posts and the new structure has been in place since 1 April 2018. Since 1 April 2018, the corporate management structure is led by the Corporate Leadership Team, comprising the Chief Executive, two Strategic Directors, seven Heads of Service (including the Chief Financial Officer and the Chief Social Work Officer) and the Service Leader-Legal & Democratic (Monitoring Officer). The Chief Officer Integration is part of Angus Council's Corporate Leadership Team and leads the Health & Social Care partnership for Angus.

The Council operates an internal audit service reporting directly to the Chief Executive. It 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.

Since 2013, the Audit Manager role has been provided on a part-time basis through the internal audit co-source contract, which came to an end on 30 April 2018. The Audit Manager had open access to elected members and the Chief Executive; she reported on a functional basis to the Scrutiny & Audit Committee and on a contract management basis to the Service Manager - Governance & Consultancy. The Audit Manager reported in her own name, retained final edit rights over all audit reports and provided to members an annual report on governance, risk and internal control. ([Report 204/18](#))

At a [special meeting in February 2018](#), the Scrutiny & Audit committee approved the move to a directly employed Service Leader Internal Audit and approved the commencement of an external recruitment exercise for the post. The new Service Leader, who was previously the co-source Audit Manager, took up her post on 16 July 2018. From 1 May 2018 to 15 July 2018, the Internal Audit team was managed by the Senior Auditor, with support from the Manager-Governance, Risk & Scrutiny, who has an internal audit background.

The Counter-Fraud Team is a specialist resource which reported to the Service Manager Governance & Consultancy during 2017/18. From mid-July 2018, the team reports to the Service Leader Internal Audit. The team has overall responsibility for assessing and investigating allegations of fraud and corruption and for reporting findings. None of the investigations concluded in 2017/18 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 subsidiary and associated companies, reliance is placed on the Governance Statement prepared by the officers responsible for the proper administration of the financial affairs of those companies.

As a result of changes in management structures the Council's financial management arrangements now comply in all material respects with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The Head of Corporate Finance, as Chief Financial Officer for the Council, is line managed by the Strategic Director Place but reports directly to the Chief Executive on all matters concerning his statutory role. 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 all elected members. For the year under review the Chief Financial Officer was able to fulfil the requirements of the role through the arrangements which existed.

The Council's Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. During 2017/18, the Monitoring Officer was the Head of Legal & Democratic Services, who retired on 31 March 2018. From 1 April 2018, the Monitoring Officer is the Service Leader Legal & Democratic.

From 1 April 2016, adult social work services are delivered under the direction of the 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 Chief Officer Integration is a member of the Council's Corporate Leadership Team.

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 2017/18, can be found in the [Local Code of Corporate Governance 2018](#), which can be accessed from the Council website. The governance framework has been in place for the year ended 31 March 2018 and up to the date of approval of the Council's Annual Accounts (25 September 2018).

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
- 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.

In addition to the above, the Council's Internal Audit Manager conducts an independent review of the Council's risk management processes, systems of internal control and corporate governance processes. In her review of 2017/18, the Audit Manager concluded:

"In my opinion the Council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money" and "I have concluded that the Local Code is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects".

(Audit Manager's [Internal Audit Annual report 2017/18](#))

The Audit Manager's report covered the period up to 30 April 2018. The results of the final 3 reviews from the 2017/18 internal audit plan were reported to the Scrutiny & Audit committee in June 2018. The Chief Executive, in consultation with the Corporate Governance Officers Group and the Team Leader Internal Audit, confirmed to the committee that the findings would not adversely impact on the Audit Manager's overall opinion.

The conclusion from the review activity outlined above is that in 2017/18 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 improvements have been made during 2017/18, or where further improvements are planned for 2018/19 to enhance the Council's governance framework. Progress will be monitored through the Pentana performance management system and reported to the Scrutiny & Audit committee. An update on the improvement actions identified in the 2016/17 Annual Governance Statement was reported to the Scrutiny & Audit Committee in June 2018 ([R206/18 Appendix 1](#)).

- The Council's Change Programme is directly aligned with the Local Outcomes Improvement Plan, Locality Plans and Council Plan. The programme is critical to delivering the realignment of resources and substantial budget savings projected to be required over the next few years. Change Programme governance arrangements were set out in [report 278/17](#) to Council. Information on the Change Programme was included with the budget-setting reports considered by Council in February 2018 ([Report 59/18](#)) and updates have been reported to Policy & Resources (Reports [94/18](#) and [254/18](#)) and Scrutiny & Audit ([Report 136/18](#)).
- Following the recent management review, operational schemes of delegation across the Council will be further reviewed and updated during 2018. **(Action Plan 1)**
- As part of the Cyber Resilience Strategy for Scotland the Scottish Government has directed that all Scottish Local Authorities should be Cyber Essentials accredited by October 2018. Angus Council achieved this compliance in April 2018. The Council is also PSN compliant.
- The Health and Safety Executive served an enforcement notice on Angus Council in relation to the Control of Substances Hazardous to Health within secondary schools. The Council had until 31 March 2018 to comply with the notice and the work is now complete.
- A small number of data protection breaches were reported to the Information Commissioner's Office (ICO). No formal action was taken by the ICO, but a number of recommendations were made to improve practices. A new Data Protection Policy was approved in May 2018 and is available to all staff on the Council's Intranet. All staff are provided with training in basic data protection law and practice as part of their induction training. Thereafter staff must complete the data protection elearning course annually.
- Internal Audit completed a review of the user account and access management controls within the Council's Integra finance system. A recent payments fraud in another local authority had highlighted the importance of adequate controls in this area.

The audit sought to provide assurance that appropriate controls are in place to ensure the confidentiality, integrity and availability of the Integra finance system data. The review considered the adequacy of user access controls to ensure effective segregation of duties. The weaknesses identified as enabling fraudulent activity in another local authority, as mentioned above, were considered as part of the review.

4 of the 5 control objectives were assessed as inadequate or ineffective and the overall conclusion of the review was that "limited assurance" could be provided, meaning that although some satisfactory elements are evident within the control framework, some significant weaknesses have been identified.

Internal audit made 8 recommendations, which included 2 priority 1 control design recommendations to:

- reduce the number of administrator access accounts and
- ensure no one has end to end processing rights in the purchase cycle

Both of these were actioned immediately. A further 2 actions had been completed by 31 July 2018. The remaining actions are due to be completed by 31 March 2019. Progress will be monitored by Internal Audit and reported to the Scrutiny & Audit committee. **(Action Plan 2)**

- The Scrutiny & Audit committee undertook a self-assessment against the Good Practice and Evaluating the Effectiveness checklists in the Cipfa Audit Committee guidance. A summary of the outcome is included in the annual report from the committee to full Council ([Report 259/18](#) to Council on 6 September 2018.) The report includes an action plan for 2018/19; progress will be monitored by the committee and reported as part of the 2018/19 self-assessment. **(Action Plan 3)**

- The counter-fraud team undertook a self-assessment against the Cipfa Code of Practice on Managing the Risk of Fraud and Corruption. The outcome was reported to the Scrutiny & Audit committee in June 2018 ([report 202/18](#)). The self-assessment confirms that the Council has adopted a response that is appropriate for its fraud and corruption risks.
- The Council's Risk Management Strategy is currently under review. The aim is to submit the updated strategy to the Policy & Resources committee in October 2018 and then update the Corporate Risk Register. **(Action Plan 4)**
- The IJB's 2017/18 Annual Governance Statement concludes: "while there remain a number of challenging areas of governance that are still developing and require to be developed further, it is the opinion of the IJB Chairperson and Chief Officer that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements." Areas for further development are detailed in the statement. **(Action Plan 5)**
- A new internal audit co-source contract will be procured in the autumn of 2018 to provide specialist IT audit support and skills transfer for the in-house audit team. **(Action Plan 6)**

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.

Action Plan

Area for improvement	Lead Officer	Planned completion date
1. Operational schemes of delegation across the Council will be further reviewed and updated during 2018	Manager Governance, Risk & Scrutiny	December 2018
2. Monitor completion of the actions recommended in the internal audit review of the user account and access management controls within the Council's Integra finance system	Service Leader Internal Audit	March 2019
3. Monitor progress in completing the Scrutiny & Audit Committee action plan	Manager Governance, Risk & Scrutiny	March 2019
4. Revise the Risk Management Strategy and update the Corporate Risk Register	Service Leader Governance & Change	October 2018
	Corporate Leadership Team	December 2018
5. Monitor the developing governance framework of the IJB	Corporate Governance Officers Group	June 2019
6. Procure a new internal audit co-source contract	Service Leader Internal Audit	December 2018

Maintaining Good Governance

Angus Council is committed to achieving good standards of corporate governance to ensure that:

resources are directed in accordance with agreed policy and according to priorities

- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

The Corporate Governance Officers Group, which maintains an overview of all aspects of the Council's governance framework, has increased the frequency of meetings to ensure that good standards of governance are maintained as the Council works to fulfil its ambition to be a better, stronger, more sustainable and smaller organisation.

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
Chief Executive
25 September 2018

Councillor Angus Macmillan Douglas
Depute Leader of the Council
25 September 2018

Angus Council Remuneration Report 2017/18

Background

The Local Authority Accounts (Scotland) 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 Council councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2017/18 the salary for the Leader of Angus Council is £33,857. 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 (£25,392). 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 £275,080 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 2017/18 was for the Conveners of the "main" committees to have salaries of £22,853 and the Vice Conveners of the "main" committees to have salaries of £19,890

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 Council.

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 16 May 2017, the minute of which is available under item 10 at:-

Council Meeting Papers

In accordance with The 2007 Regulations the Council publishes on its website details of the remuneration and expenses of all councillors. It is highlighted that a number of the expenses disclosed in that information are excluded from this Remuneration Report in accordance with the requirements of The 2014 Regulations. The full information can be accessed at:-

Councillors Expenses

Senior Employees Remuneration Policy Context

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

- Who has responsibility for management of the local Council to the extent that the person has power to direct or control the major activities of the Council (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 Council subsidiary body, is £150,000 or more.

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 2016/17 and 2017/18 of the posts which are classed as senior employees of the Council.

Table 1

Post	Notes	2017/18 Salary £	2016/17 Salary £	Movement £
Senior Management - Angus Council				
Chief Executive – R Stiff	To 31/05/2017, Includes £1,463 Returning Officer Fees	22,671	136,466	(113,795)
Chief Executive – M Williamson	From 01/06/2017, Includes £2,996 Returning Officer Fees	128,218	0	128,218
Strategic Director – M Armstrong	Resources - To 31/05/2017 People - From 01/06/2017	112,361	107,644	4,717
Strategic Director – A McKeown	Communities - To 31/05/2017 Place - From 01/06/2017	112,361	107,644	4,717
Head of Corporate Finance – I Lorimer		92,394	91,479	915
Head of Legal & Democratic Services – S Hunter		92,394	91,479	915
Head of Children & Young People Service & Chief Social Work Officer – K Lindsay	In 2016/17: 2 post holders	88,769	91,999	(3,230)
Head of Schools & Learning & Chief Education Officer – P Stephen	From 01/06/2017 (note 1)	73,974	-	73,974
Total – Angus Council		723,142	626,711	96,431
Subsidiary Body: Angus Alive				
Chief Executive – K Hunter		88,769	87,890	879

Notes

1. In 2016/17 the post holder of Strategic Director – Children & Learning, was also the Council's Chief Education Officer; the post of Head of Schools & Learning therefore was not included in the list of senior management for 2016/17.

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 2016/17 and 2017/18 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

Exit Packages

The Code requires authorities to report summary information in relation to exit packages: exit costs from employee departures. The table below sets out the relevant costs of departure that have been agreed in the financial statements in accordance with The 2014 Regulations requirements on termination benefits. Included in this definition are the costs of voluntary redundancy, early retirees and ex gratia payments. Exit costs from employee departures due to ill health retirees or departures are excluded, in accordance within The 2014 Regulations.

Table 2 below discloses the number of relevant exit packages agreed during 2017/18 and their costs grouped in the relevant bandings.

Table 2

Banding by total cost of each exit package	Total Number Agreed		Redundancy Payments, costs of exit in each band *		Pension curtailment cost in each band **		Total cost of exit in each band	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
£			£	£	£	£	£	£
Up to 20,000	80	52	700,472	356,199	83,717	81,174	784,189	437,373
20,001 – 40,000	33	11	495,160	119,795	432,729	166,835	927,889	286,630
40,001 – 60,000	11	3	73,989	21,770	448,513	121,737	522,502	143,507
60,001 – 80,000	3	3	39,145	31,213	161,216	181,739	200,361	212,952
80,001 – 100,000	3	0	19,547	0	249,245	0	268,792	0
100,001 – 150,000	4	0	31,080	0	476,965	0	508,045	0
150,001 – 200,000	2	0	19,961	0	298,468	0	318,429	0
Total	136	69	1,379,354	528,977	2,150,853	551,485	3,530,207	1,080,462

* included these 2017/18 figures is £42,113 for 3 compulsory redundancy payments (2016/17 – nil)

** The Pension curtailment costs disclosed are calculated by the Council's Actuary. The costs for 19 employees who left the Council on the 31st March 2018 are not disclosed above as they were not included in the actuarial report.

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. Pension benefits for those Pension Scheme members who were members prior to 1 April 2016 will include some entitlement earned under the previous final salary pension scheme.

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 2017/18 and 2016/17 are shown in table 3 below:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable By Councillors/ Employees 2017/18	Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2016/17
Up to £20,700	5.50%	Up to £20,500	5.50%
Over £20,700 and up to £25,300	7.25%	Over £20,500 and up to £25,000	7.25%
Over £25,300 and up to £34,700	8.50%	Over £25,000 and up to £34,400	8.50%
Over £34,700 and up to £46,300	9.50%	Over £34,400 and up to £45,800	9.50%
Over £46,300	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

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 convert some of that 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 accordance with The 2014 Regulations.

Audit Review

All information disclosed within the tables in the report 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 and are consistent with the auditor's knowledge and are not otherwise misleading.

Remuneration of Senior Councillors (1 April 2017 to 31 March 2018)

Table 4

The following table provides details of the remuneration paid to Angus Council's councillors for senior roles only in 2017/18. This period spans 2 separate Council Administrations due to the Local Government elections in May 2017. The roles, responsibilities and post-holders described below are those which existed during 2017/18 and so don't reflect the roles and responsibilities and post-holders which exist at the date of publication of this report.

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2017/18 Salary, fees & allowances £	2017/18 Total £	2016/17 Total £
Depute Provost/Convener of Scrutiny & Audit	B Boyd	To 04/05/2017	2,112	2,112	19,512
Vice-Convener of Children & Learning / Development & Enterprise Spokesperson.	L Devine	To 04/05/2017	2,112	2,112	21,707
Finance Convener / Vice-Convener of Development Standards	B Duff	To 04/05/2017	2,112	2,112	18,735
Vice Convener of Scrutiny & Audit	B Duff	From 16/05/2017	17,948	17,948	0
Vice Convener of Civic Licensing	C Fotheringham	To 04/05/2017	1,686	1,686	18,095
Convener Civic Licensing Board / Convener of Communities	C Fotheringham	From 16/05/2018	20,546	20,546	0
Leader of the Council / Convener of Policy & Resources	I Gaul	To 04/05/2017	3,148	3,148	33,789
Vice Convener of Communities	J Gaul	To 04/05/2017	1,574	1,574	16,893
Vice Convener of Tayside Joint Valuation Board (see note 2)	J Houston	To 04/05/2017	1,869	1,869	20,063
Provost / Civic Head	A King	To 04/05/2017	2,361	2,361	23,499
Convener of Scrutiny & Audit	A King	From 16/05/2018	20,546	20,546	0
Social Work and Health Spokesperson	G Middleton	To 04/05/2017	2,112	2,112	22,673
Convener of Communities	D Morrison	To 04/05/2017	2,112	2,112	22,673

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2017/18 Salary, fees & allowances £	2017/18 Total £	2016/17 Total £
Convener of Development Standards	R Murray	To 04/05/2017	2,112	2,112	22,673
Vice Convener of Scrutiny and Audit	D Cheape	To 04/05/2017	1,686	1,686	5,741
Convener Tayside Joint Valuation Board (see note 1)	D Cheape	From 16/05/17 To 07/02/18	18,458	18,458	0
Depute Leader / Vice Convener of Policy & Resources	P Valentine	To 04/05/2017	2,361	2,361	25,341
Convener of Children & Learning	S Welsh	To 04/05/2017	2,112	2,112	22,673
Depute Provost	C Brown	From 16/05/2017	17,975	17,975	0
Councillor / Depute Leader/ Vice Convener of Policy & Resources	D Fairweather	From 16/05/2017 To 10/09/2017	16,335	16,335	0
Convener of Development Standards	D Lumgair	From 16/05/2017	20,573	20,573	0
Finance Spokesperson / Depute Leader of the Council / Vice Convener of Policy & Resources (see note 3)	A Macmillan Douglas	From 16/05/2017	20,546	20,546	0
Vice Convener Civic Licensing & Licensing Board	R Moore	From 16/05/2017	17,948	17,948	0
Leader of the Council / Convener of Policy & Resources	R Myles	From 16/05/2017	30,220	30,220	0
Vice Convener of Development Standards (see note 4)	G Nicol	From 16/05/2017	17,948	17,948	0
Civic Head / Provost	R Proctor	From 16/05/2017	22,799	22,799	0
Convener of Children & Learning	M Salmond	From 16/05/2017	20,573	20,573	0

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2017/18 Salary, fees & allowances £	2017/18 Total £	2016/17 Total £
Vice Convener of Communities	L Speed	From 16/05/2017	17,948	17,948	0
Transformation & Growth Spokesperson	R Sturrock	From 16/05/2017	20,546	20,546	0
Vice Convener of Children & Learning	D Wann	From 16/05/2017	17,948	17,948	0
Vice Spokesperson Development & Enterprise	S Hands	To 04/05/2017	1,547	1,547	16,893
	TOTAL		349,873	349,873	310,960

Notes:

1. £3,108 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. £322 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
3. Appointment to depute leader of the Council and Vice Convener of Policy & Resources was effective from 19 October 2017
4. Whilst Council agreed on 8 February 2018 that Councillor Nicol should be put forward for Convener of the Tayside Joint Valuation Board (TJVB), this was not ratified by the TJVB until 25 June 2018 and so no remuneration is included in the table above in this regard.
5. Comparative figures for 2016/17 are only included for Councillors who held senior councillor positions as at 31 March 2017

Remuneration of Senior Employees

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

Post	Senior Employee	Note	2017/18 Salary, fees & allowances £	2017/18 Taxable Expenses £	2017/18 Total Remuneration £	2016/17 Total Remuneration £
Chief Executive	R Stiff	1&2	22,671	0	22,671	136,466
Chief Executive	M Williamson	3, 4 & 5	128,218	0	128,218	0
Strategic Director	M Armstrong	6	112,361	0	112,361	107,644
Strategic Director	A McKeown	7 & 8	112,361	487	112,848	107,644
Head of Corporate Finance	I Lorimer		92,394	0	92,394	91,479
Head of Legal & Democratic Services	S Hunter		92,394	0	92,394	91,479
Head of Children & Young People & Chief Social Work Officer	K Lindsay	9	88,769	0	88,769	30,029
Head of Schools & Learning & Chief Education Officer	P Stephen	10	73,974	0	73,974	--
Total – Angus Council			723,142	487	723,629	564,741
Subsidiary Body: Angus Alive						
Chief Executive	K Hunter		88,769	0	88,769	87,890

Notes:

- Salary, fees and allowances includes £1,463 relating to Returning Officer duty payments
- Left Council employment 31/05/2017
- Commenced Chief Executive post 01/06/2017 – previously held post of Strategic Director (Children & Learning) – remuneration above is a combination of both posts
- Salary, fees and allowances includes £2,996 relating to Returning Officer duty payments
- Strategic Director (Children & Learning) post deleted 31/05/2017
- Strategic Director: Resources to 31/05/2017, People from 01/06/2017
- Strategic Director: Communities to 31/05/2017, Place from 01/06/2017
- The £487 relates to car lease benefit
- In 2016/17, in post from 28/11/2016
- In 2017/18, in post from 01/06/2017. In 2016/17 the post holder of Strategic Director – Children & Learning, was also the Council's Chief Education Officer; the post Head of Schools & Learning was therefore not included in list of senior management for 2016/17.

General Disclosure Of Employees By Remuneration Band

Table 6

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	2017/18	2017/18	2017/18	2017/18
	LGE	SNCT	CO	TOTAL
£50,000 - £54,999	11	48	1	60
£55,000 - £59,999	6	24	3	33
£60,000 - £64,999	1	2	3	6
£65,000 - £69,999	1	2	2	5
£70,000 - £74,999	1	2	3	6
£75,000 - £79,999	4	4	2	10
£80,000 - £84,999	0	0	0	0
£85,000 - £89,999	3	0	4	7
£90,000 - £94,999	0	0	5	5
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	2	2
£115,000 - £119,999	0	0	1	1
£120,000 - £124,999	0	0	1	1
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	0	0
Total	27	82	27	136

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
Total	14	73	28	115

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 2018 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. This period spans 2 separate Council Administrations due to the Local Government elections in May 2017. 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 17/18	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/17 £	Accrued Pension Benefit at 31/03/18 £'000s	Accrued Pension Benefit at 31/03/18 lump sum £'000s	Accrued Pension Benefit Movement from 31/03/17 £'000s	Accrued Pension Benefit Movement from 31/03/17 lump sum £'000s
Depute Provost/Convener of Scrutiny & Audit	B Boyd	To 04/05/2017	359	3,317	2	0	0	0
Vice-Convener of Children & Learning / Development & Enterprise Spokesperson	L Devine	To 04/05/2017	359	3,690	2	0	0	0
Finance Convener / Vice-Convener of Development Standards	B Duff	To 04/05/2017	359	3,185	0	0	0	0
Vice Convener of Scrutiny & Audit	B Duff	From 16/05/2017	2,964	0	2	0	0	0
Vice Convener of Civic Licensing	C Fotheringham	To 04/05/2017	287	3,076	0	0	0	0
Convener Civic Licensing Board / Convener of Communities	C Fotheringham	From 16/05/2017	3,406	0	2	0	0	0
Leader of the Council / Convener of Policy & Reserves	I Gaul	To 04/05/2017	535	5,744	3	23	(2)	21
Vice Convener Communities	J Gaul	To 04/05/2017	268	2,872	1	7	(1)	7
Vice Convener of Tayside Joint Valuation Board	J Houston	To 04/05/2017	318	3,411	2	0	0	0

Responsibility 17/18	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/17 £	Accrued Pension Benefit at 31/03/18 £'000s	Accrued Pension Benefit at 31/03/18 lump sum £'000s	Accrued Pension Benefit Movement from 31/03/17 £'000s	Accrued Pension Benefit Movement from 31/03/17 lump sum £'000s
Provost / Civic Head	A King	To 04/05/2017	401	3,995	0	0	0	0
Convener of Scrutiny & Audit	A King	From 16/05/2017	3,406	0	6	2	1	0
Social Work & Health Spokesperson	G Middleton	To 04/05/2017	359	3,854	1	10	(1)	10
Convener of Communities	D Morrison	To 04/05/20017	0	0	0	0	0	0
Convener of Development Standards	R Murray	To 04/05/2017	359	3,854	4	2	0	0
Vice Convener of Scrutiny & Audit	D Cheape	To 04/05/2017	287	976	0	0	0	0
Convener Tayside Joint Valuation Board	D Cheape	From 16/5/2017 To 07/02/2018	2,641	0	1	0	1	0
Depute Leader / Vice Convener of Policy & Resources	P Valentine	To 04/05/2017	401	4,308	4	2	0	0
Convener of Children & Learning	S Welsh	To 04/05//2017	359	3,854	4	2	0	0
Depute Provost	C Brown	From 16/05/2017	2,964	0	0	0	0	0
Councillor / Depute Leader / Vice Convener of Policy & Resources	D Fairweather	From 16/05/2017 To 10/09/2017	1,093	0	3	2	1	0
Convener of Development Standards	D Lumgair	From 16/05/2017	0	0	0	0	0	0

Angus Council – Annual Accounts for year ended 31st March 2018

Responsibility 17/18	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/17 £	Accrued Pension Benefit at 31/03/18 £'000s	Accrued Pension Benefit at 31/03/18 lump sum £'000s	Accrued Pension Benefit Movement from 31/03/17 £'000s	Accrued Pension Benefit Movement from 31/03/17 lump sum £'000s
Finance Spokesperson / Depute Leader of the Council / Vice Convener of Policy & Resources	A Macmillan Douglas	From 16/05/2017	3,406	0	0	0	0	0
Vice Convener Civic Licensing & Licensing Board	R Moore	From 16/05/2017	2,964	0	0	0	0	0
Leader of the Council / Convener of Policy & Resources	R Myles	From 16/05/2017	5,046	0	5	2	0	0
Vice Convener of Development Standards	G Nicol	From 16/05/2017	2,964	0	0	0	0	0
Civic Head / Provost	R Proctor	From 16/5/2017	3,784	0	3	0	0	0
Convener of Children & Learning	M Salmond	From 16/05/2017	2,590	0	0	0	0	0
Vice Convener of Communities	L Speed	From 16/05/2017	2,964	0	0	0	0	0
Transformation & Growth Spokesperson	R Sturrock	From 16/5/2017	3,406	0	0	0	0	0
Vice Convener of Children & Learning	D Wann	From 16/05/2017	2,964	0	0	0	0	0
Vice Spokesperson Development & Enterprise	S Hands	To 04/05/2017	263	2,872	2	0	0	0
	TOTAL		51,476	49,008	47	52	(1)	38

Table 8

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2018 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	Note	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/17 £	Accrued Pension Benefit at 31/03/18 £000s	Accrued Pension Benefit at 31/03/18 lump sum £000s	Accrued Pension Benefit movement from 31/03/17 £000s	Accrued Pension Benefit movement from 31/03/17 lump sum £000s
Chief Executive	R Stiff	1	3,605	21,633	53	108	(33)	108
Chief Executive	M Williamson	2	20,447	18,300	57	4	8	0
Strategic Director - People	M Armstrong		18,998	18,300	35	52	3	2
Strategic Director - Place	A McKeown		18,998	18,300	38	60	3	2
Head of Corporate Finance	I Lorimer		15,707	15,551	38	68	3	1
Head of Legal & Democratic Services	S Hunter		15,707	15,551	39	72	3	1
Head of Children & Young People Services & Chief Social Work Officer	K Lindsay		14,801	5,105	23	28	5	5
Head of Schools & Learning & Chief Education Officer	P Stephen	3	12,601	0	7	0	0	0
	TOTAL		120,864	112,740	290	392	(8)	119
Subsidiary Body: Angus Alive								
Chief Executive	K Hunter		15,091	14,941	4	0	0	0

Table 8 - Notes:

- In post to 31/05/2017
- From 01/06/2017
- In 2016/17 M Williamson was the Council's Chief Education Officer; there is therefore no comparative figures for the post Head of Schools & Learning in 2016/17

Margo Williamson
Chief Executive
25 September 2018

Councillor Angus Macmillan Douglas
Depute Leader of the Council
25 September 2018

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 Finance & Legal;
- 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 the 25 September 2018.

Signed on behalf of Angus Council

Councillor Angus Macmillan Douglas
Depute Leader of the Council
25 September 2018

The Head of Finance & Legal's Responsibilities

The Head of Finance & Legal 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 Finance & Legal, 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 Finance & Legal 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 2018.

Ian Lorimer CPFA
Head of Finance & Legal
25 September 2018

Movement in Reserves Statement as at 31 March 2018

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 2016	30,195	5,691	330	294	3,120	2,778	1,073	43,481	424,517	467,998
<u>Movement in reserves during 2016/17</u>										
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)
Total Comprehensive Expenditure and Income	(13,940)	(4,180)	0	0	0	0	0	(18,120)	(60,831)	(78,951)
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
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,726)	(1,069)	(131)	2,062	0	(1,982)	0	(2,846)	(76,105)	(78,951)
Transfers to/from Earmarked Reserves (Note 6)	(2,204)	300	0	0	856	1,016	208	176	0	176
Increase/Decrease in Year	(3,930)	(769)	(131)	2,062	856	(966)	208	(2,670)	(76,105)	(78,775)
Balance at 31 March 2017 carried forward	26,265	4,922	199	2,356	3,976	1,812	1,281	40,811	348,412	389,223
<u>Movement in reserves during 2017/18</u>										
Surplus or (deficit) on provision of services	(22,122)	(2,294)	0	0	0	0	0	(24,416)	0	(24,416)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	143,742	143,742
Total Comprehensive Expenditure and Income	(22,122)	(2,294)	0	0	0	0	0	(24,416)	143,742	119,326
Adjustments between accounting & funding basis under regulations (Note 5)	22,811	1,057	610	(932)	0	384	0	23,930	(23,930)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	689	(1,237)	610	(932)	0	384	0	(486)	119,812	119,326
Transfers to/from Earmarked Reserves (Note 6)	240	600	(4)	0	(1,073)	10	116	(111)	59	(52)
Increase/Decrease in Year	929	(637)	606	(932)	(1,073)	394	116	(597)	119,871	119,274
Balance at 31 March 2018 carried forward	27,194	4,285	805	1,424	2,903	2,206	1,397	40,214	468,283	508,497

Comprehensive Income and Expenditure Statement for the year 31 March 2018

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. Council's 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.

2016/17 (restated)**				2017/18			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
7,381	(1,937)	5,444	Chief Executive's Unit	9,151	(2,274)	6,877	7,779
141,130	(7,616)	133,514	People	147,266	(9,143)	138,123	141,607
113,602	(67,907)	45,695	Adult Services (IJB)*	116,131	(70,064)	46,067	46,067
114,059	(51,467)	62,592	Place	110,819	(50,994)	59,825	60,222
8,182	(3,767)	4,415	Other Services	10,829	(6,605)	4,224	8,783
798	0	798	Joint Boards	692	0	692	736
385,152	(132,694)	252,458	General Fund Net Expenditure	394,888	(139,080)	255,808	265,194
30,137	(28,093)	2,044	Housing Revenue Account	30,226	(28,304)	1,922	2,892
415,289	(160,787)	254,502	Cost Of Services	425,114	(167,384)	257,730	268,086
		2,576	Other Operating Expenditure – (Gain)Loss on disposal of non-current assets			5,590	
		19,012	Financing and Investment Income and Expenditure (Note 7)			21,334	
		(257,970)	Taxation and Non-Specific Grant Income (Note 8)			(260,238)	
		(18,120)	Surplus or (Deficit) on Provision of Services			(24,416)	
		1,579	Surplus or (deficit) on revaluation of non-current assets			748	
		(62)	Impairment losses on non-current assets charged to the revaluation reserve			0	
		(62,348)	Re-measurements of the net pensions liability			142,994	
		0	Other Unrealised gains/(losses)			0	
		(60,831)	Other Comprehensive (Income) / Expenditure			143,742	
		(78,951)	Total Comprehensive (Income) / Expenditure			119,326	

*Adult Services (IJB) expenditure and income above have been grossed up in accordance with financial reporting treatment in line with LASAAC guidance.

** The 2016/17 figures have been restated to reflect the new management structure within the council.

Balance Sheet as at 31 March 2018

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 Council (assets less liabilities) are matched by the reserves held by the Council.

31/3/2017 £000		Notes	31/3/2018 £000
821,799	Property, Plant & Equipment	11	815,205
5,770	Heritage Assets	12	5,870
1,536	Investment Property		1,536
47	Intangible Assets		0
90	Assets Held for Sale		914
6,055	Long Term Debtors	13	5,395
835,297	Long Term Assets		828,920
40,468	Short Term Investments		46,227
345	Inventories		345
22,905	Short Term Debtors	14	23,063
6,465	Cash and Cash Equivalents	15	4,926
70,183	Current Assets		74,561
(10,075)	Short Term Borrowing		(12,183)
(41,473)	Short Term Creditors	16	(47,882)
0	Provisions		(643)
(51,548)	Current Liabilities		(60,708)
(154,507)	Long Term Borrowing	32	(148,261)
(197,186)	Pension Liability	21	(71,507)
(113,016)	Other Long Term Liabilities	34	(114,508)
(464,709)	Long Term Liabilities		(334,276)
389,223	Net Assets		508,497
40,811	Usable Reserves	6	40,214
348,412	Unusable Reserves	17	468,283
389,223	Total Reserves		508,497

The accounts were issued for audit on 29 June 2018 and the audited accounts were authorised for issue by the Head of Finance & Legal on the 25 September 2018.

Ian Lorimer CPFA
Head of Finance & Legal
25 September 2018

Cash Flow Statement as at 31 March 2018

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.

2016/17 £000		Notes	2017/18 £000
(18,120)	Net surplus or (deficit) on the provision of services		(24,416)
62,470	Adjustment to surplus or deficit on the provision of services for noncash movements		71,557
(19,162)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(16,524)
25,188	Net Cash flows from Operating Activities	22	30,617
(26,525)	Net Cash flows from Investing Activities	23	(24,731)
(2,182)	Net Cash flows from Financing Activities	24	(7,425)
(3,519)	Net increase or decrease in cash and cash equivalents		(1,539)
9,984	Cash and cash equivalents at the beginning of the reporting period		6,465
6,465	Cash and Cash equivalents at the end of the reporting period	15	4,926

Notes to the Accounts

Note 1 – Summary of significant Accounting Policies

A(i). General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18 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. The 2016/17 figures in the Comprehensive Income & Expenditure Account, Expenditure & Funding Analysis in the single entity statements and the Group statements have been restated to reflect the new management structure within the council.

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 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 BenefitsBenefits 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 People 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 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 (where appropriate) by the effective rate of interest (EIR) for the instrument. The EIR 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, no EIR adjustment is necessary and 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. EIR adjustment could however be required where borrowing or investment interest rates are stepped or variable.

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. The Council's policy in respect of premiums / discounts arising from debt restructuring is 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. Information regarding the Council's approach to calculating fair values is contained in note 31, however the following broad principles can be noted:-

- 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 Transactions

The Council carries out only negligible foreign currency transactions in any year and these are processed on the basis of prevailing market exchange rates.

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 as part of the 5 year rolling programme according to market conditions at time of revaluation. 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
Other Buildings	Substructure, superstructure and internal finishes	60 years	35%
Council Dwellings	Substructure, superstructure and internal finishes	50 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 Council'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:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15; Revenue from Contracts with Customers;
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

In all cases detailed above, implementation is required from 1 April 2018 or beyond, meaning that there is no impact on the 2017/18 financial statements.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council 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 Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council 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 Council's Balance Sheet at 31 March 2018 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 Council 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 effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £14.4 million. However, the assumptions interact in complex ways. During 2017/2018, the Council's actuaries advised that the net pensions liability had decreased by £125.679m due to a decrease in the present value of the funded obligation of the scheme, together with an increase in the fair value of fund assets.

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 Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Capital Fund £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	28,497	12,538	0	0	0	(41,035)
Revaluation losses on property Plant and Equipment	558	0	0	0	0	(558)
Amortisation of intangible assets	47	0	0	0	0	(47)
Capital grants and Contributions applied	(13,397)	(1,606)	0	0	0	15,003
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	5,314	276	0	0	0	(5,590)
Statutory provision for the financing of capital investment	(10,751)	(1,880)	0	0	0	12,631
Capital expenditure charged against the General Fund and HRA balances - CFCR	(4,157)	(8,897)	0	0	0	13,054
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	610	0	0	(610)

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Capital Fund £000	Unusable Reserves £000
Capital Receipts for leases	0	0	0	4	0	(4)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(936)	384	552
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	(144)	0	0	0	0	144
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	16,689	626	0	0	0	(17,315)
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	155	0	0	0	0	(155)
Total Adjustments	22,811	1,057	610	(932)	384	(23,930)

Note 5 - Comparative Figures in 2016/17

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Capital Fund £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	27,316	12,377	0	0	0	(39,693)
Revaluation losses on property Plant and Equipment	3,227	0	0	0	0	(3,227)
Amortisation of intangible assets	47	0	0	0	0	(47)
Capital grants and Contributions applied	(13,503)	(2,012)	0	0	0	15,515
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	(2,576)
Statutory provision for the financing of capital investment	(9,615)	(2,541)	0	0	0	12,156
Capital expenditure charged against the General Fund and HRA balances - CFCR	(5,588)	(7,435)	0	0	0	13,023
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	19	0	0	(19)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(150)	0	0	150
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	2,062	(1,982)	(80)
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	143
Reversal of items relating to retirement benefits debited or credited to the	9,808	365	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	Capital Fund £000	
Comprehensive Income and Expenditure Statement						
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	(446)
Total Adjustments	12,214	3,111	(131)	2,062	(1,982)	(15,274)

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 2017/18.

	Opening Balance at 1/4/17 £000	Transfer Out 17/18 £000	Transfers In 17/18 £000	Closing Balance at 31/3/18 £000
Usable Reserves				
General Fund:	25,663	12,003	12,941	26,601
Car Parking Reserve	59	0	0	59
Arbroath Harbour Reserve	264	24	12	252
Specific Reserves	279	0	3	282
Sub Total General Fund	26,265	12,027	12,956	27,194
Housing Revenue Account	4,922	637	0	4,285
Total General Fund	31,187	12,664	12,956	31,479
Insurance Fund	1,281	0	116	1,397
Renewal and Repairs Fund	3,976	2,563	1,490	2,903
Capital Fund	1,812	547	941	2,206
Usable Capital Receipts	2,356	2,272	1,340	1,424
Capital Grants Unapplied	199	4	610	805
Total	40,811	18,050	17,453	40,214
General Fund Commitments				
Contingency Policy Level	4,000	0	0	4,000
Balances held by schools under a scheme of delegation	641	0	183	824
Ring Fenced Monies	4,995	2,411	4,309	6,893
Affordable Housing	2,857	1,178	745	2,424
100% Carry forwards	7,397	5,453	1,200	3,144
Budget Commitments	3,202	2,102	4,135	5,235
Transforming Angus	2,237	859	99	1,477
Total	25,329	12,003	10,671	23,997

Note 7 - Financing and Investment Income and Expenditure

2016/17 £000		2017/18 £000
15,956	Interest payable and similar charges	17,460
4,395	Net Interest on the defined benefit liability	5,176
(885)	Interest receivable and similar income	(669)
(7)	(Income)/expenditure in relation to investment properties and changes in their fair value	(2)
(447)	Share of Tayside Contracts (Surplus)/Deficit	(631)
19,012	Total Expenditure	21,334

Note 8 - Taxation and Grant Incomes

2016/17 £000		2017/18 £000
	Revenue tax and grant income:	
(43,110)	Council tax income	(46,596)
(29,480)	Non domestic rates	(27,233)
(169,865)	Scottish Government Revenue Grants	(171,406)
	Capital grants and contributions:	
(12,599)	Scottish Government General Capital Grant	(11,845)
(2,205)	Scottish Government Specific Capital Grants	(1,846)
(289)	Other capital grants	(440)
(422)	Other capital contributions	(872)
(257,970)	Total Income	(260,238)
	Credited to Services	
(366)	Scottish Government General Capital Grant for Capital Expenditure on 3 rd Party Assets	(413)
(366)	Total	(413)

Note 9 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to the council tax and rent payers how the funding available to the Council (i.e. government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by Council's in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 32.

Re-stated 2016/17				2017/18		
Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding & the Accounting Basis	Net Spend CIES		Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding & the Accounting Basis	Net Spend CIES
£000	£000	£000		£000	£000	£000
4,440	1,004	5,444	Chief Executive's Unit	5,955	922	6,877
119,325	14,189	133,514	People	120,194	17,929	138,123
43,848	1,847	45,695	Adult Services	42,918	3,149	46,067
43,142	19,450	62,592	Place	40,942	18,883	59,825
4,302	113	4,415	Other Services	4,108	116	4,224
798	0	798	Joint Boards	692	0	692
215,855	36,603	252,458	General Fund Net Expenditure	214,809	40,999	255,808
(10,544)	12,588	2,044	Housing Revenue Account (HRA)	(11,026)	12,948	1,922
205,311	49,191	254,502	Net Cost of Services	203,783	53,947	257,730
(238,958)	2,576	(236,382)	Other Income and Expenditure	(238,904)	5,590	(233,314)
33,647	51,767	(18,120)	Surplus or (Deficit) on Provision of Services	35,121	59,537	(24,416)
(97,273)	(36,442)	(60,831)	Other Comprehensive Income & Expenditure	108,135	(35,607)	143,742
(63,626)	15,325	(78,951)	Total Comprehensive Income & Expenditure	143,256	23,930	119,326

2016/17		2017/18		
Total General Fund and HRA £000		General Fund	HRA	Total General Fund and HRA £000
		£000	£000	
35,886	Opening General Fund and HRA Balance	26,265	4,922	31,187
(18,120)	Less/Plus Surplus or Deficit on Provision of Services	(22,122)	(2,294)	(24,416)
13,421	Transfer to/from Other Reserves	23,051	1,657	24,708
31,187	Closing General Fund and HRA Balance	27,194	4,285	31,479

Notes to the expenditure and funding analysis, adjustments between funding and accounting basis.

2017/18				
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	446	476	0	922
People	13,032	4,742	155	17,929
Adult Services	386	2,763	0	3,149
Place	15,136	3,747	0	18,883
Other Services	102	14	0	116
Total Angus Council Directorates	29,102	11,742	155	40,999
Tayside Joint Valuation Board	0	0	0	0
General Fund Net Expenditure	29,102	11,742	155	40,999
Housing Revenue Account (HRA)	12,538	410	0	12,948
Net Cost of Services	41,640	12,152	155	53,947
Other Income & Expenditure	5,590	5,163	(40,770)	(30,017)
Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service	47,230	17,315	(40,615)	23,930

2016/17 Restated				
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	249	0	1,004
People	11,778	1,965	446	14,189
Adult Services	392	1,455	0	1,847
Place	17,558	1,892	0	19,450
Other Services	106	7	0	113
Total Angus Council Directorates	30,589	5,568	446	36,603
Tayside Joint Valuation Board	0	0	0	0
General Fund Net Expenditure	30,589	5,568	446	36,603
Housing Revenue Account (HRA)	12,378	210	0	12,588
Net Cost of Services	42,967	5,778	446	49,191
Other Income & Expenditure	2,576	4,395	(40,837)	(33,866)
Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service	45,543	10,173	(40,391)	15,325

Adjustments for Capital Purposes

This column includes depreciation and impairment of non-current assets, amortisation of intangible assets and gain on disposal of non-fixed 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 Council 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 relates to the Employee Benefit Accrual.

Note 10 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Council's external auditors:

2016/17 £000		2017/18 £000
243	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	247

Note 11 - Property, Plant and Equipment
Movements in 2017/18

	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	PPP Assets Included in Property, Plant and Equipment *
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2017	337,186	358,084	46,545	254,480	5,221	1,978	15,990	1,019,484	144,129
Additions	5,985	7,076	2,555	12,284	193	0	8,321	36,414	580
Additions – New Waste Disposal Plant	0	6,800	0	0	0	0	0	6,800	0
Revaluation increases/ (decreases) recognised in the RRA	0	(2,297)	0	0	0	0	0	(2,297)	0
Revaluation increases/ (decreases) recognised in the NCS	0	(63)	0	0	0	0	0	(63)	0
Disposals /Demolitions	(1,716)	(6,983)	(1,025)	0	0	(1,603)	0	(11,327)	0
Reclassified Assets	(1,184)	11,950	0	0	0	0	(11,590)	(824)	0
Other Movements	0	3	0	0	0	0	0	3	0
31 March 2018	340,271	374,571	48,075	266,764	5,414	375	12,721	1,048,191	144,709
Accumulated Depreciation and impairment									
1 April 2017	(23,939)	(26,306)	(32,751)	(113,295)	(504)	(890)	0	(197,685)	(25,953)
Depreciation charge	(12,520)	(14,642)	(3,658)	(10,072)	(33)	(111)	0	(41,036)	(4,945)
Revaluation Losses/Gains	0	2,445	0	0	0	0	0	2,445	0
Disposals/ Demolitions	103	1,377	817	0	0	990	0	3,287	0
Other movements	0	0	0	0	0	4	0	4	0
31 March 2018	(36,356)	(37,126)	(35,592)	(123,367)	(537)	(7)	0	(232,985)	(30,898)
Net Book Value									
31 March 2017	313,247	331,778	13,794	141,185	4,717	1,088	15,990	821,799	114,693
31 March 2018	303,915	337,445	12,483	143,397	4,877	368	12,721	815,205	113,811

* Forfar community campus full valuation included, it should be noted that 90% of this asset is funded through PPP.

Comparative 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	0	33,517	0	0	0	0	0	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
Disposals /Demolitions	(5,771)	(421)	(1,815)	0	0	0	0	(8,007)	0
Reclassified Assets	0	7,031	0	0	0	0	(7,031)	0	0
Other Movements	0	0	0	0	0	(6)	0	(6)	0
31 March 2017	337,186	358,084	46,545	254,480	5,221	1,978	15,990	1,019,484	140,646
Accumulated Depreciation and impairment									
1 April 2016	(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)	(3,615)
Revaluation Losses/Gains	0	1,335	0	0	0	0	0	1,335	0
Disposals /Demolitions	304	0	1,567	0	0	0	0	1,871	0
31 March 2017	(23,939)	(26,306)	(32,751)	(113,295)	(504)	(890)	0	(197,685)	(25,953)
Net Book Value									
31 March 2016	322,377	299,634	14,111	136,272	3,861	1,205	18,767	796,228	84,300
31 March 2017	313,247	331,778	13,794	141,185	4,717	1,088	15,990	821,799	114,693

Revaluations

The Council 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 2017/18 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2017/18 is the fourth year of the programme and valuations for 2017/18 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.

As part of our 5 year revaluation plan, the assets that were valued in 2017/18 were car parks, Libraries, Museums, Halls, Theatres and Visitor Centres. Assets planned for valuation in 2018/19 are Public Conveniences, Sports Centres, Community Centres and Residential and Care Homes.

Note 12 – Heritage Assets**Reconciliation of the Carrying Value of Heritage Assets held by the Council**

	Tangible Heritage Assets			Total Assets
	Museum Fine Art	Museum Other Collections	Civic Regalia	
	£000	£000	£000	
Valuation at 31 March 2017	5,070	700	100	5,870
Valuation at 31 March 2018	5,070	700	100	5,870

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.

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 2017/18 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:

		Valuation at 31 st March 2018 £000
Fine Art Collection		
Painting, The Adoration of the Magi	Pieter Breughel	2,300
Painting, St John Preaching in Wilderness	Pieter Breughel	2,000
Others		770
Total Fine Art Collection		5,070
Other Collections & Civic Regalia		800
Total Heritage Assets in Balance Sheet		5,870

Note 13 – Long Term Debtors

2016/17 £000		2017/18 £000
225	Housing Advances	214
5,297	Police Scotland Loan	4,667
157	Leases	154
359	Common Good	331
17	Empty Homes Initiative	29
6,055	Total Long Term Debtors	5,395

Note 14 – Short Term Debtors

2016/17 £000		2017/18 £000
9,611	Central Government bodies	8,908
12,542	Other Miscellaneous, Other Entities & Individuals	12,094
396	Other Local Authorities	488
356	NHS Bodies	1,573
22,905	Total Short Term Debtors	23,063

Note 15 - Cash and Cash Equivalents

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

2016/17 £000		2017/18 £000
35	Cash held by the Council	36
(415)	Bank Overdraft	(343)
6,845	Cash Investments	5,233
6,465	Total Cash and Cash Equivalents	4,926

Note 16 – Short Term Creditors

2016/17 £000		2017/18 £000
(7,994)	Central Government Bodies	(4,183)
(26,438)	Other Miscellaneous, Other Entities & Individuals	(35,155)
(6,897)	Other Local Authorities	(8,167)
(144)	NHS Bodies	(377)
(41,473)	Total Short Term Creditors	(47,882)

Note 17 - Unusable Reserves

31 March 2017 £000		31 March 2018 £000
121,554	Revaluation Reserve Account	119,230
430,141	Capital Adjustment Account	426,608
(1,357)	Financial Instruments Adjustment Account	(1,213)
(197,186)	Pensions Reserve	(71,507)
(4,740)	Accumulated Absences Account	(4,835)
348,412	Total Unusable Reserves	468,283

Revaluation Reserve Account (RRA)

The Revaluation Reserve contains the gains made by the Council 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.

2016/17 £000		2017/18 £000
121,904	Balance at 1 April	121,554
1,580	Upward revaluation of assets	2,001
(62)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,253)
(1,868)	Difference between fair value depreciation and historical cost depreciation	(3,072)
121,554	Balance at 31 March	119,230

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 Council 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 Council. 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.

2016/17 £000		2017/18 £000
433,072	Balance at 1 April	430,141
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(39,693)	Charges for depreciation and impairment of non-current assets	(41,035)
(3,227)	Revaluation gain/losses on Property, Plant and Equipment	(558)
(47)	Amortisation of intangible assets	(47)
	Revenue expenditure funded from capital under statute	
(2,577)	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	(5,590)
1,868	Adjusting amounts written out of the Revaluation Reserve	3,072
	Capital financing applied in the year:	

2016/17 £000		2017/18 £000
(77)	Use of the Capital Receipts Reserve to finance new capital expenditure	552
(3)	Capital receipt for finance lease	(4)
15,515	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	14,393
131	Application of grants to capital financing from the Capital Grants Unapplied Account	0
12,156	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	12,631
13,023	Capital expenditure charged against the General Fund and HRA balances	13,054
0	Other Adjustment	(1)
430,141	Balance at 31 March	426,608

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 Council 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 Council'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 2018 will be charged to the General Fund over the next 7 years.

2016/17 £000		2017/18 £000
(1,500)	Balance at 1 April	(1,357)
138	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	6
(1,357)	Balance at 31 March	(1,213)

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 Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council 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 Council 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.

2016/17 £000		2017/18 £000
(124,665)	Balance at 1 April	(197,186)
(62,348)	Re-measurement of net pensions liability	142,994
(10,173)	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	(17,315)
(197,186)	Balance at 31 March	(71,507)

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.

2016/17 £000		2017/18 £000
(4,294)	Balance at 1 April	(4,740)
(446)	Amounts accrued at the end of the current year	(155)
0	Write off Flexi time accrual	60
(4,740)	Balance at 31 March	(4,835)

Note 18 - Termination Benefits

The Council terminated the contracts of a number of employees in 2017/18 incurring liabilities of £1.987m (£0.529m in 2016/17). Further detail is provided in the Remuneration Report at the start of these Accounts.

Note 19 – Councillor Remuneration, Allowances and Expenses

2016/17 £000		2017/18 £000
560	Remuneration	556
1	Allowances	1
50	Expenses	47
611	Total	604

Note 20 – Teachers Pensions Scheme Accounted for as Defined Contribution Scheme

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

The Scheme is technically a defined benefit scheme, however the scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by Councils. The council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of the Annual Accounts, it is therefore accounted for the same basis as a defined contribution scheme.

In 2017/18, the employer's rate of contribution was 17.2% and the amount paid over in respect of employer's contributions was £7.287m (£7.186m in 2016/17, 17.2%).

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 21 below.

Note 21 - Defined Benefit Pension Schemes**Participation in Pension Schemes**

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

The council participates in the Local Government Pension Scheme (Tayside Pension Fund)), administered locally by Dundee City Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The scheme currently provides benefits based on career average revalued salary and length of service on retirement.

In 2017/18 the council paid employer contributions totalling £11.123m (£11.200m in 2016/17) representing 17.0% of employees' pensionable pay.

The Council also has liabilities for any discretionary payments outside the main scheme. These benefits are unfunded defined benefit arrangements and liabilities are recognised when awards are made. Investment assets are built up to meet pension liabilities for discretionary awards and cash has to be generated to meet actual pensions payments as they eventually fall due.

In 2017/18, the council paid £2.954m representing 2.7% of pensionable pay in unfunded discretionary benefits (£1.440m representing 1.3% in 2016/17). Seventy-eight awards were made in 2017/18 amounting to £1.986m (£0.450m in 2016/17) in respect of employees leaving the council. The increase in the number of awards in 2017/18 was due to the implementation of a new management structure within the council. This £2.954 million is in addition to the employer contributions of £7.287 million and £11.123 million referred to above.

The principal risks to the authority of the scheme are the life expectancy assumptions, statutory changes to the scheme, structural changes (i.e. large-scale withdrawals of members from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies sections. (please refer to Note 1, item F for further details).

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 2018 there was a Pension Liability of £71.507 million with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2018 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 2018 there would have been a shortfall of some £71.507 million. The Pension Liability of £71.507 million compares with £197.186 million for the previous year – a favourable movement of £125.679 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 decrease in cost of future liabilities is due to a number of factors:-

- Strong Asset Performance Leading to an increase in the asset value. The Fund assets have significantly outperformed the discount rate assumption with a return of 9% against a 2.7% assumption;
- The pension and salary increase assumptions have both decreased. While this is partly offset by the fall of the discount rate overall the change in financial assumptions reduces the liability value by £37.081m;
- A change has been made to the demographic assumptions: For the 2017 valuation the demographic assumptions were updated for a change to the mortality assumption following an analysis of mortality experience in the Fund. This review has led to an overall decrease of estimated future life expectancies and thus a decrease of the liabilities by £44.410m;
- The completion of the 2017 valuation has led to a change an experience gain of £27.130 million which reflects the difference between the actuarial assumptions used and the actual development of the liabilities over the intervalation period. The difference mainly comes as a result of lower inflation over the period (e.g. lower pension increases were paid compared to those assumed).

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 and the Housing Revenue Account 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 2017 £000	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2018 £000
18,216	Service cost	26,031
203	Administration expenses	198
	Financing and Investment Income and Expenditure	
4,395	Net interest on the defined liability / (asset)	5,163
22,814	Total Recognised in the Comprehensive Income & Expenditure Account	31,392
	The amounts recognised in the Movement on Reserves Statement:-	
(10,173)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(17,315)
12,641	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	14,077
11,200	Employer's contributions payable to scheme	11,123
1,441	Retirement benefits payable to pensioners	2,954

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

Net Pension Asset as at	31 Mar 2018 £000	31 Mar 2017 £000	31 Mar 2016 £000
Present value of the defined benefit obligation	720,259	794,221	611,827
Fair Value of plan assets	(660,585)	(611,460)	(500,368)
Sub-Total	59,674	182,761	111,459
Present value of unfunded obligation	11,833	14,425	13,206
Net liability arising from defined benefit obligation	71,507	197,186	124,665

Reconciliation of the present value of the Scheme Liabilities (Defined Benefit Obligation)

Year to 31 March 2017 £000		Year to 31 March 2018 £000
625,033	Opening Balance at 1 April	808,646
17,635	Current service cost	23,800
22,854	Interest cost	21,652
158,231	Actuarial gains/losses arising from changes in financial assumptions	(37,081)
0	Actuarial gains/losses arising from change in demographic assumptions	(44,410)
(30)	Experience loss/(gain) on defined benefit obligation	(27,130)
(18,875)	Estimated benefits paid net of transfers in	(18,768)
581	Past service costs, including curtailments	2,231
4,215	Contributions by Scheme participants and other employers	4,119
(998)	Unfunded pension payments	(967)
808,646	Closing Balance at 31 March	732,092

Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets

Year to 31 March 2017 £000		Year to 31 March 2018 £000
500,368	Opening Balance at 1 April	611,460
18,459	Interest on assets	16,489
95,793	Return on assets less interest	17,084
0	Other actuarial gains/(losses)	17,289
(203)	Administration expenses	(198)
12,701	Contributions by employer including unfunded	14,077
4,215	Contributions by Scheme participants and other employers	4,119
(19,873)	Estimated benefits paid plus unfunded net of transfers in	(19,735)
611,460	Closing Balance at 31 March	660,585

Local Government Pension Scheme Assets

The scheme assets disclosed above consist of the following categories, by proportion of the total assets held:-

Detailed Fund Asset Share	28 February 2018 %	31 March 2018 £000
Cash and Cash Equivalents		
Cash held by Fund Managers	2.4%	15,854
Internal Cash	0.1%	661
Equity Instruments		
Consumer	12.2%	80,591
Financials	13.2%	87,197
Industrials	11.0%	72,664
Energy & Utilities	3.1%	20,478
Materials	3.8%	25,102
Healthcare	4.3%	28,405
Information Technology	8.2%	54,168
Telecommunications	1.1%	7,266
Listed Pooled Funds	9.9%	65,398
Unlisted Pooled Funds	2.4%	15,854
Unlisted Companies	0.5%	3,303
Bonds		
Corporate Listed	12.6%	83,234
Corporate Unlisted	0.0%	0
Corporate – Listed Pooled	2.3%	15,193
Government	1.3%	8,588
Property		
Retail	3.1%	20,478
Commercial	5.9%	38,975
Alternatives & Cash	2.4%	15,854
Other Investment Funds		
Venture Capital/Partnerships	0.0%	0
Derivatives	0.0%	
Total	99.8%	

99.8% correct total as per the actuarial report received from Barnett Waddingham, due to roundings, as stated in their report.

The following table provides analysis of each category of the above assets that have a quoted market price in an active market and those that do not

Asset Breakdown	28 February 2018 % Quoted	28 February 2018 % Unquoted
Fixed Interest Government Securities		
UK	4.9%	-
Overseas	-	-
Corporate Bonds		
UK	-	2.3%
Overseas	9.1%	-
Equities		
UK	22.8 %	-
Overseas	34.6%	12.2%
Property		
All	11.3%	-
Others		
Infrastructure	-	-
Cash/Temporary Investments	2.8%	-
TOTAL	85.5%	14.5%

The estimated asset breakdown for Angus Council as at 31 March 2018 is as follows:

31 March 2017 £000	31 March 17 %	Asset Breakdown	31 March 2018 £000	31 March 18 %
440,194	72%	Equities	456,559	69%
40,534	7%	Gilts	35,023	5%
60,313	10%	Other Bonds	76,478	12%
60,329	10%	Property	77,847	12%
10,090	2%	Cash	14,596	2%
0	0	Alternatives	82	0
611,460	100%	TOTAL	660,585	100%

Re-measurements in Other Comprehensive Income

Year to 31 March 2017 £000	Re-measurement of the net assets/(defined liability)	Year to 31 March 2018 £000
95,793	Return on Fund assets in excess of interest	17,071
0	Other actuarial gains/(losses) on assets	17,291
(158,231)	Change in financial assumptions	37,081
0	Change in demographic assumptions	44,410
30	Experience gain/(loss) on defined benefit obligation	27,130
(62,408)	Re-measurements of the net assets/(defined liability)	142,983

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about life expectancy rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Tayside Pension Fund being based on the latest full valuation of the scheme as at 31 March 2017, rolled forward for various financial assumptions that comply with IAS 19. The significant assumptions used by the actuary for the purposes of IAS 19 calculations are as follows:

Local Government Pension Scheme 2016/17		Local Government Pension Scheme 2017/18
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
21.4	Men	20.3
23.5	Women	22.2
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
23.7	Men	22.1
25.8	Women	24.1
3.6%	Rate of Inflation - Retail Price Index	3.3%
2.7%	Rate of Inflation - Consumer Prices Index	2.3%
3.7%	Rate of increase in salaries	3.30%
2.7%	Rate for discounting scheme liabilities	2.55%
2.7%	Pension Increases	2.30%

Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out above. The following sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The following changes to these assumptions would result in movements in the defined benefit obligation as follows:-

	Increase in Assumption £000	Decrease in Assumption £000
Life expectancy (increase or decrease by 1 year)	27,230	(26,223)
Rate of increase in salaries (increase or decrease by 0.1%)	2,549	(2,528)
Rate of increase in pensions (increase or decrease by 0.1%)	12,214	(11,958)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(14,437)	14,741

Impact on Future Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2020 and will set contributions for the period from 1 April 2021 and 31 March 2024. There are no minimum funding requirements in the Local Government Pension Scheme but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The Projected Pension Expense for the year to 31 March 2019 are as follows:-

Projections for the year to 31 March 2019	Year to 31 March 2019 £000
Service Cost	22,707
Net Interest on the defined liability (asset)	1,671
Administration expenses	213
Total	24,591
Employer Contributions	11,063

Note 22 – Cash Flow Statement – Operating Activities

2016/17 £000		2017/18 £000
(18,120)	Net surplus or (deficit) on provision of services	(24,416)
	Adjust net surplus of (deficit) on the provision of services for noncash movements	
39,693	Depreciation on Non-Current Assets	41,035
3,227	Impairment and downwards revaluation	558
47	Amortisation on Intangible Assets	47
5,049	Increase / (Decrease) in Creditors	4,236
(1,766)	(Increase) / Decrease in Debtors	(259)
341	(Increase) / Decrease in Inventories	0
10,173	Pension Liability	17,315
(338)	Other Noncash Transactions	(58)
(93)	Contributions to / (from) provisions	643
6,137	Carrying amount of non-current assets sold	8,040
62,470	Total Adjustments	71,557

	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
(15,515)	Capital Grants credited to surplus / deficit on the provision of services	(15,003)
(84)	Net adjustment from the sale of short and long term investments	0
(3,563)	Proceeds from the sale of property, plant & equipment and intangible assets	(1,521)
(19,162)	Total Adjustments	(16,524)
25,188	Net Cashflows from operating activities	30,617

The cash flows for operating activities include the following items:

2016/17 £000		2017/18 £000
856	Interest received	453
(15,868)	Interest Paid	(16,665)
0	Dividends received	0

Note 23 - Cash Flow Statement – Investing Activities

2016/17 £000		2017/18 £000
(41,974)	Purchase of property, plant and equipment, investment property and intangible assets	(35,647)
(5,000)	Purchase of short-term and long-term investments	(5,500)
4,112	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,363
110	Proceeds from short-term and long-term investments	0
16,227	Other receipts from investing activities	15,053
(26,525)	Net cash flows from investing activities	(24,731)

Note 24 - Cash Flow Statement – Financing Activities

2016/17 £000		2017/18 £000
4,156	Cash receipts of short and long-term borrowing	0
510	Other receipts from financing activities	298
(2,071)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI/PPP contracts	(2,833)
(4,777)	Repayments of short and long-term borrowing	(4,890)
(2,182)	Net cash flows from financing activities	(7,425)

Note 25 - 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 8.

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 2017/18 is shown in Note 19.

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 1st April 2016;
- Tayside Contracts – is a joint local Council 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;
- Dundee City Council – DERL Waste Processing – Dundee City Council (DCC) owned incineration plant. Angus Council paid DCC gate fees to process our waste for approximately 8 months of 2017/18;
- Dundee City Council – Payments for MEB Waste Processing – Old DERL plant bought by MEB (privately owned company) to build new plant whilst running old facility in tandem. Angus Council and DCC have a contract with MEB regarding waste treatments but DCC is the lead Council and pay all charges and recharge Angus 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 Development & Enterprise Spokesperson 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.
- Voluntary Action Angus (VAA) – a local organisation supporting and leading the third sector in Angus. It is recognised by Scottish Government, Angus Community Planning Partnership and Angus Council as fulfilling a key role in ensuring the continued development of a vibrant third sector in Angus. VAA works in partnership with Angus Council and Angus Health and Social Care Partnership.
- Citizens Advice Bureau (CAB) – Angus Council has a service level agreement arrangement with CAB to provide advice and a number of supports and services to Angus Council residents. This could include general advice on benefits, consumer rights, education and employment rights etc. They also offer a debt advice service to the citizens of Angus.

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

Table 1 - Related Parties

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

2016/17 Expenditure £000	2016/17 Income £000		2017/18 Expenditure £000	2017/18 Income £000
		Other Public Bodies		
56,067	56,067	Angus Integrated Joint Board	58,708	58,708
798	0	Valuation Board – Requisition	692	0
0	445	Tayside Contracts – Share of Surplus and associated interest	0	631
22,602	0	Tayside Contracts – Contracts undertaken	22,466	0
751	250	Dundee City Council – DERL waste processing	639	250
0	0	Dundee City Council – Angus Council payment for MEB waste processing	1,893	0
0	5,894	NHS Tayside - Resource transfer	0	5,887
11,160	0	STSS – Scottish Teachers Superannuation Scheme	11,298	0
		Entities Controlled or Significantly Influenced by Angus Council		
		Angus Alive		
6,132	235	Contributions to/from company	6,431	141
		Angus Community Care Charitable Trust		
41	0	Contribution due to Trust	67	0
582	0	Amounts due to Trust (rental income)	552	0
0	202	Amounts due from Trust	0	460
		Angus Environmental Trust		
109	0	Landfill Tax Credit	71	0
		Angus Care & Repair		
22	0	HRA	22	0
397	0	People	392	0
		East of Scotland European Consortium		
7	0	Contribution due to the Consortium	7	0
0	3	Amounts due from the Consortium (financial services)	0	3
		Tayside Procurement Consortium		
85	0	Contribution due to the Consortium	80	0
		Voluntary Action Angus (VAA)		
279	0	Contributions	337	0
		Citizens Advice Bureau		
136	0	Contributions	136	0
99,168	63,096	Total	103,791	66,080

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.

2016/17 Creditors £000	2016/17 Debtors £000		2017/18 Creditors £000	2017/18 Debtors £000
		Other Public Bodies		
582	0	Angus Integrated Joint Board	380	0
0	8	Valuation Board – Requisition	0	83
445	0	Tayside Contracts – Share of Surplus and associated interest	631	0
4,853	0	Tayside Contracts – Contracts undertaken	4,220	0
101	0	Dundee City Council – Angus Council payment for MEB waste processing	469	0
927	0	STSS – Scottish Teachers Superannuation Scheme	957	0
		Entities Controlled or Significantly Influenced by Angus Council		
		Angus Alive		
80	521	Contribution from/to company	5	590
		Angus Community Care Charitable Trust		
13	0	Amounts due to Trust (rental income)	13	0
0	190	Amounts due from Trust	0	104
		Angus Care & Repair		
98	0	People	0	0
		Tayside Procurement Consortium		
20	0	Contribution due to the Consortium	20	0
7,119	719	Total	6,695	777

Note 26- 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. 2017/18 was the 13th 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 2017/18.

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. 2017/18 was effectively the 13th 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 2017/18.

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 2017/18 was therefore the 11th 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 2017/18.

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. 2017/18 was effectively the 1st full year of the arrangement which 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 2017/18.

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 11.

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 31 Financial Instruments.

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	Totals £000
Liability at 31 March 2017	42,259	1,357	37,744	33,438	114,798
Additions	0	0	0	0	0
Repayment of liability for year	(1,512)	(30)	(594)	(680)	(2,816)
Liability at 31 March 2018	40,747	1,327	37,150	32,758	111,982
Fair value of liability at 31 March 2018	63,676	1,523	53,832	45,681	164,712

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 2018 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	Totals £000
Payments due within 1 year (2018/19)					
Repayment of liability	1,619	31	658	773	3,081
Finance costs	4,627	180	2,988	2,175	9,970
Service charges (inc. life cycle replacement costs)	1,123	187	2,574	332	4,216
Total payments due within 1 year	7,369	398	6,220	3,280	17,267
Payments due within 2 to 5 years (2019/20 to 2022/23)					
Repayment of liability	4,964	330	3,460	3,582	12,336
Finance costs	18,164	806	11,494	8,223	38,687
Service charges (inc. life cycle	8,251	559	10,883	1,482	21,175

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	Totals £000
replacement costs)					
Total payments due within 2 to 5 years	31,379	1,695	25,837	13,287	72,198
Payments due within 6 to 10 years (2023/24 to 2027/28)					
Repayment of liability	9,905	602	7,310	4,997	22,814
Finance costs	24,477	991	12,997	8,797	47,262
Service charges (inc. life cycle replacement costs)	9,462	775	14,250	3,223	27,710
Total payments due within 6 to 10 years	43,844	2,368	34,557	17,017	97,786
Payments due within 11 to 15 years (2028/29 to 2032/33)					
Repayment of liability	15,997	364	10,469	6,252	33,082
Finance costs	26,058	396	9,319	6,881	42,654
Service charges (inc. life cycle replacement costs)	7,555	272	17,460	4,393	29,680
Total payments due within 11 to 15 years	49,610	1,032	37,248	17,526	105,416
Payments due within 16 to 20 years (2033/34 to 2037/38)					
Repayment of liability	8,262	0	15,253	8,584	32,099
Finance costs	10,595	0	4,760	4,476	19,831
Service charges (inc. life cycle replacement costs)	8,373	0	17,666	5,043	31,082
Total payments due within 16 to 20 years	27,230	0	37,679	18,103	83,012
Payments due within 21 to 25 years (2038/39 to 2042/43)					
Repayment of liability	0	0	0	8,570	8,570
Finance costs	0	0	0	1,274	1,274
Service charges (inc. life cycle replacement costs)	0	0	0	4,554	4,554
Total Payments due within 21 to 25 years	0	0	0	14,398	14,398
Total Payments Due					
Repayment of liability	40,747	1,327	37,150	32,758	111,982
Finance Costs	83,921	2,373	41,558	31,826	159,678
Service charges (incl. life cycle replacement costs)	34,764	1,793	62,833	19,027	118,417
Total Payments Due	159,432	5,493	141,541	83,611	390,077

Note 27 - Leases**Council as Lessee - Finance Leases**

The Council has acquired 3 buildings under finance leases.

The Council acquired the 3rd building at the end of November 2017, reflecting the accounting treatment of the contractual arrangements of the residual waste treatment project in partnership with Dundee City Council which commenced at the end of November 2017. This has resulted in the significant movements between years evident in the tables below.

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

31 March 2017 £000		31 March 2018 £000
342	Other Land and Buildings	7,119

The Council 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 Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2017 £000		31 March 2018 £000
	Finance lease liabilities:	
21	Current	1,833
372	Non-current	5,028
204	Finance costs payable in future years	467
597	Minimum lease payments	7,328

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 2017 £000	31 March 2017 £000		31 March 2018 £000	31 March 2018 £000
42	21	No later than one year	1,900	1,833
167	96	Later than one year and not later than five years	5,082	4,779
388	276	Later than five years	346	249
597	393	Totals	7,328	6,861

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 Council.

Operating Leases

The Council 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 2017 £000		31 March 2018 £000
20	No later than one year	20
22	Later than one year and not later than five years	22
42	Totals	42

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

2016/17 £000		2017/18 £000
9	Minimum lease payments	9

Council as Lessor - Finance Leases

The Council has leased out 3 properties on finance leases.

The Council 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 Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2017 £000		31 March 2018 £000
	Finance lease debtors:	
4	Current	3
8	Non-current	8
15	Unearned finance income	46
131	Unguaranteed residual values	125
158	Gross Investment in the Lease	182

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

Gross Investment 31 March 2017 £000	Minimum Lease Payments 31 March 2017 £000		Gross Investment 31 March 2018 £000	Minimum Lease Payments 31 March 2018 £000
89	13	No later than one year	13	13
69	14	Later than one year and not later than five years	169	44
158	27	Totals	182	57

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 Council.

Operating Leases

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

Note 28 - Capital Commitments

As at 31 March 2018, the Council has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2018/19 and future years, budgeted to cost £65.184 million (gross). Similar commitments at 31 March 2017 were £37.790 million (gross). The major commitments (on a gross basis) include: Montrose South Regeneration (£0.596 million); Phase 3b Capping at Restenneth Landfill Site (£0.597 million); Arrats Mill Closure Plan (£0.473 million); Integration of Libraries / ACCESS Service (£3.424 million); Property Capitalised Maintenance - Main Infrastructure Replacement (£0.839 million); Arbroath Flood Strategy (£10.286 million); New Build Affordable Housing (£10.031 million); Council Housing Kitchen Replacement Programmes (£6.727 million); Council Housing Energy Saving Measures (£10.599 million) and Council Housing Heating Replacement Programmes (£11.552 million).

Note 29 - Construction Contracts

At 31 March 2018 the Council 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 2017.

Note 30 - 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the first part of this note.

2016/17 £000	Movement in Year	2017/18 £000
255,187	Opening Capital Financing Requirement	283,372
	Capital Investment:	
73,112	Property, Plant and Equipment	36,414
	Sources of Finance:	
(1,456)	Capital Receipts	(181)
(15,691)	Government Grants and other Contributions	(16,665)
	Sums set aside from revenue:	
(15,006)	Direct revenue contributions	(13,601)
(10,698)	Loans Fund Principal	(10,128)
(2,076)	Repayment of Liability – Finance Lease / PFI & PPP	(2,837)
283,372	Closing Capital Financing Requirement	276,374
	Explanation of Movements in year	
(3,441)	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	(3,606)
185	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(555)
(21)	Movement in liability of assets acquired under finance leases	(22)
31,462	Movement in liability of assets acquired under PFI/PPP contracts	(2,815)
28,185	Increase/(Decrease) in Capital Financing Requirement	(6,998)

Capital Expenditure on Services

2016/17 (Restated) Actual £000		2017/18 Actual £000	2017/18 Budget £000
	CAPITAL EXPENDITURE ON SERVICES		
	Chief Executive's		
93	Economic Development	1,822	1,614
1,643	Strategic Policy, Transformation & Public Sector Reform	878	1,126
	Place		
10,600	Housing Revenue Account	12,763	13,784
71	Legal & Democratic Services	0	0
561	Planning & Place	814	887
4,157	Regulatory & Protective Services	2,389	3,930
540	Services to Communities	1,140	2,059
15,179	Technical & Property Services	12,228	12,706
	People		
5,595	Children & Learning	2,923	7,421
565	Information Technology	580	615
99	Angus Integrated Joint Board	297	297
39,103	Total Capital Expenditure	35,834	44,439
	Financing of Capital Expenditure		
1,501	Sale of Assets	2,454	3,963
15,646	Government Grants & Other Contributions	14,393	18,508
12,532	Contribution from Revenue	12,474	13,917
1,982	Local Capital Fund	547	927
7,442	Advances from Loans Fund	5,966	7,124
39,103	Total Capital Financing	35,834	44,439

The Council did not capitalise any borrowing costs during 2017/18.

Note 31 - 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.

Long Term	Current		Long Term	Current
31 March 2017 £000	31 March 2017 £000		31 March 2018 £000	31 March 2018 £000
		Financial Liabilities at amortised cost		
154,508	10,075	Borrowing	148,261	12,183
		Creditors:		
0	41,473	General	0	46,071
0	415	Bank Overdraft	0	343
154,508	51,963	Total Financial Liabilities	148,261	58,597
		Financial Assets		
		Loans and receivables		
5,898	20,384	Debtors	5,241	20,702
0	27,222	Investments & Bank Deposits	0	18,609
0	20,092	Available-for-sale financial assets	0	32,594
5,898	67,698	Total Financial Assets	5,241	71,905

LOBO's (Lender Option, Borrower Option loans) with a call date in the next 12 months amounting to £16 million (£16 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 15.

The loans and receivables are stated on the basis of amortised cost. 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 £148.261 million as per the balance sheet. An additional £6.241 million of borrowing is due to mature within 2018/19. This is included together with accrued interest (£1.934 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.

2016/17			2017/18		
			Financial Assets		
Total £000		Financial Liabilities Measured at amortised cost £000	Loans and receivables £000	Available- for-sale assets £000	Total £000
(7,688)	Interest expense	(7,417)	0	0	(7,417)
(141)	Losses on derecognition	(141)	0	0	(141)
(7,829)	Interest payable and similar charges	(7,558)	0	0	(7,558)
751	Interest income	0	459	192	651
3	Gains on derecognition	3	0	0	3
754	Interest and investment income	3	459	192	654
(7,075)	Net gain /(loss) for the year	(7,555)	459	192	(6,904)

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. The fair value of financial assets and liabilities is required to be disclosed to enable a comparison to the carrying amounts in the Balance Sheet. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, emphasising that fair value is a market-based measurement, not an authority specific measurement.

In measuring fair value, Angus Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within a fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

All of Angus Council's fair value calculations have been carried out using level 2 inputs as the valuation basis.

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 or similar 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 and after allowing for the certainty rate deduction) as per the rate sheet number 127/18 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 (maturity basis and prior to the certainty rate deduction) for a period equal to the remaining period of the long term debtor, as taken from PWLB rate sheet number 127/18;
- 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 2017						31 March 2018	
Comparison Amount	Fair Value		Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	Comparison Amount	Fair Value
£000	£000		£000	£000	£000	£000	£000
129,799	177,105	PWLB	117,757	0	1,668	119,425	163,734
14,092	22,575	Market Debt	14,000	0	91	14,091	22,281
16,025	25,202	LOBO's	16,504	(504)	121	16,121	24,555
41,473	41,473	Creditors	46,071	0	0	46,071	46,071
4,157	4,157	Short term borrowing	10,249	0	54	10,303	10,372
415	415	Bank overdraft	343	0	0	343	343
205,961	270,927	Total financial liabilities	204,924	(504)	1,934	206,354	267,356

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 15.

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

31 March 2017			31 March 2018	
Carry Amounting £000	Fair Value £000		Carrying Amount £000	Fair Value £000
6,847	6,847	Bank deposits of 7 days or less	5,236	5,236
40,103	40,118	Deposits with Banks and Building Societies	37,597	32,563
0	0	Deposits with other Local Authorities	8,006	8,004
0	0	Money Market Fund Deposits	0	0
364	364	Other Structured Deposits	364	364
6,055	4,833	Long term debtors	5,241	4,251
20,384	20,384	Debtors	20,702	20,702
73,753	72,546	Total financial assets	77,146	71,120

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 lower than the carrying amount as the Council's deposit portfolio contains deposits with fixed rates which are lower 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 31st March 2018.

Note 32 - 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 Council 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 Finance & Legal 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 2017/18 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 2017/18 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 35% 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 60% 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 (whether UK or non-UK domiciled), with 100% of the Council's investments in this category being able to be placed with UK domiciled institutions and a maximum of 50% with non-UK domiciled institutions;
- 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 2017/18, therefore in line with the approved Treasury Management Strategy, the placement of funds with the Clydesdale 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 2018	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	5,236	0	0	0
Deposits with other banks	5,003	0	0	0
Deposits with other Local Authorities	8,006	0	0	0
Collateralised Deposits	32,594	0	0	0
Customers	4,616	3.77	5.20	0
Totals	55,455	3.77	5.20	0

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 £3.668 million of the £4.616 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 2018 £000
Less than 3 months	1,261
3 to 6 months	245
6 months to 1 year	337
More than 1 year	1,825
Total	3,668

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 Finance & Legal adopts a proactive 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 17 £000		Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 18 £000
	Loans Outstanding			
128,739	PWLB	123,998	0	123,998
16,000	LOBO's - European Banks	16,504	(504)	16,000
14,000	Market Debt - UK Banks	14,000	0	14,000
158,739	Total	154,502	(504)	153,998
	Maturity Structure			
4,741	Less than 1 year	6,241	0	6,241
6,241	Between 1 and 2 years	3,186	0	3,186
9,110	Between 2 and 5 years	10,813	0	10,813
11,650	Between 5 and 10 years	8,406	0	8,406
126,997	Over 10 years	125,856	(504)	125,352
158,739	Total	154,502	(504)	153,998
<p>The 2016/17 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 has no financial assets in the form of equity shares and is not therefore currently exposed to loss arising from movements in market rates.

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.

Financial Guarantees

In addition to credit, liquidity and market risks, the Council can be exposed to risks from any financial guarantees that it agrees to put in place.

Angus Council is a signatory to the Local Government Pension Scheme (LGPS) admission agreement for ANGUSalive. Under that agreement Angus Council has undertaken to accept liability for any unfunded costs or unpaid sums due that may arise in relation to ANGUSalive's membership of the LGPS should ANGUSalive cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded costs or liabilities.

Note 33 - 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.

2016/17 £000		2017/18 £000
	Expenditure	
	Interest Paid on Loans:-	
6,324	Public Works Loan Board	6,056
0	Public Works Loan Board Redemptions	0
1,327	Other Mortgages and Bonds	1,330
31	Internal Loans	26
420	Interest Paid on Revenue Balances	372
124	Expenses of Borrowing	91
8,226	TOTAL EXPENDITURE	7,875
	Income	
351	Interest received	348
7,751	Interest Charged to borrowing accounts	7,436
124	Expenses recovered from borrowing accounts	91
8,226	TOTAL INCOME	7,875

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.35% in 2017/18. The 2016/17 rate was 4.44%.

Debt Management Expenses

The equivalent rate for debt management expenses was 0.05%. The 2016/17 rate was 0.07%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2018 was £164.0 million or £1,410.57 per head of population. The figures at 31 March 2016 were £172.8 million or £1,486.90 respectively.

Note 34 – Other Long Term Liabilities

Other long term liabilities (£151.301 million) are considered throughout the notes to the accounts. They essentially consist of two main factors; deferred income & deferred liabilities.

In summary, deferred income (£0.462 million) relates to prepaid income, with deferred liabilities (£150.839 million) relating to finance leases (£41.819 million), government funding (£0.120 million) and outstanding debt associated with PPP projects (£108.900 million).

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"> • Strangs Mortification (SC018687) • Angus Council Charitable Trusts (SC044695) • Endowment Funds 	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 2018

	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 2016	43,481	424,517	467,998	(5,250)	462,748
Movement in reserves during 16/17					
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)
Total Comprehensive Expenditure and Income	(18,120)	(60,831)	(78,951)	(10,773)	(89,724)
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
Net Increase / Decrease before Transfers to Earmarked Reserves	(2,846)	(76,105)	(78,951)	(11,439)	(90,390)
Transfers to / from Earmarked Reserves	176	0	176	0	176
Increase / Decrease in Year	(2,670)	(76,105)	(78,775)	(11,439)	(90,214)
Balance at 31 March 2017 carried forward	40,811	348,412	389,223	(16,689)	372,534
Movement in reserves during 17/18					
Surplus or (deficit) on provision of services	(24,416)	0	(24,416)	(3,151)	(27,567)
Other Comprehensive Expenditure and Income	0	143,742	143,742	22,195	165,937
Total Comprehensive Expenditure and Income	(24,416)	143,742	119,326	19,044	138,370
Opening balance / Group share adjustments	0	0	0	(401)	(401)
Adjustments between accounting basis and funding basis under regulations	23,930	(23,930)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(486)	119,812	119,326	18,643	137,969
Transfers to / from Earmarked Reserves	(111)	59	(52)	0	(52)
Increase / Decrease in Year	(597)	119,871	119,274	18,643	137,917
Balance at 31 March 2018 carried forward	40,214	468,283	508,497	1,954	510,451

Group Comprehensive Income and Expenditure Statement for the year 31 March 2018

2016/17 (Restated) *				2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
7,381	(1,937)	5,444	Chief Executive's	9,151	2,274	6,877
141,130	(7,616)	133,514	Children & Learning	147,266	(9,143)	138,123
113,602	(67,907)	45,695	Adult Services (IJB)	116,131	(70,064)	46,067
108,162	(51,428)	56,734	Place	104,529	(50,939)	53,590
8,182	(3,767)	4,415	Other Services	10,829	(6,605)	4,224
798	0	798	Joint Boards	692	0	692
30,137	(28,093)	2,044	Housing Revenue Account	30,226	(28,304)	1,922
9,515	(3,376)	6,139	Interest in Subsidiary – Angus Alive	9,889	(2,940)	6,949
28	(64)	(36)	Interest in Subsidiary – Charitable Trusts	28	(70)	(42)
320	(335)	(15)	Interest in Subsidiary – Common Good	595	(309)	286
419,255	(164,523)	254,732	Group Cost Of Services	429,336	(170,648)	258,688
		2,576	Other Operating Income and Expenditure - Council			5,590
		875	Other Operating Income and Expenditure – Associates & JV			2,193
		19,012	Financing & Investment Income & Expenditure - Council			21,334
		(257,970)	Taxation and Non-Specific Grant Income - Council			(260,238)
		(19,225)	Group Surplus or (Deficit) on Provision of Services			(27,567)
		1,579	Surplus or (deficit) on revaluation of non-current assets – Council			748
		182	Surplus or (deficit) on revaluation of non-current assets – Subsidiaries			608
		(62)	Surplus or (deficit) on revaluation of available for sale financial assets - Council			0
		(62,348)	Re-measurement of net pension liability - Council			142,994
		(3,879)	Re-measurement of net pension liability - Subsidiaries			6,492
		(5,971)	Re-measurement of net pension liability – Associates & JV			15,095
		(70,499)	Other Group Comprehensive Income and Expenditure			165,937
		(89,724)	Total Group Comprehensive Income and Expenditure			138,370

* The 2016/17 figures have been restated to reflect the new management structure within Angus Council.

Group Balance Sheet as at 31 March 2018

31/03/2017 £000		Group Notes	31/03/2018 £000
826,932	Property, Plant & Equipment		820,799
5,770	Heritage Assets		5,870
1,536	Investment Property		1,536
47	Intangible Assets		0
90	Assets Held for Sale		914
1,315	Long Term Investments		1,252
5,696	Long Term Debtors		5,064
841,386	Long Term Assets		835,435
40,486	Short Term Investments	14	46,267
383	Inventories		380
22,902	Short Term Debtors	13	23,173
8,146	Cash and Cash Equivalents	12	6,469
71,917	Current Assets		76,289
0	Provisions		(643)
(5,992)	Short Term Borrowing		(8,232)
(42,639)	Short Term Creditors	15	(48,443)
(48,631)	Current Liabilities		(57,318)
(154,507)	Long Term Borrowing		(148,261)
(206,396)	Pension Liability	16	(75,475)
(113,016)	Other Long Term Liabilities		(114,508)
(18,219)	Liability in Associates & Joint Ventures		(5,711)
(492,138)	Long Term Liabilities		(343,955)
372,534	Net Assets		510,451
44,457	Usable Reserves		44,297
353,158	Unusable Reserves		473,516
(25,081)	Group Reserves		(7,362)
372,534	Total Reserves		510,451

The accounts were issue for audit by the Head of Finance & Legal on 29 June 2018 and the audited accounts were authorised for issue by the Head of Finance & Legal on the 25 September 2018.

Ian Lorimer CPFA
Head of Finance & Legal
25 September 2018

Group Cash Flow Statement

2016/17 £000		Group Notes	2017/18 £000
(19,225)	Net surplus or (deficit) on the provision of services		(27,567)
64,996	Adjustment to surplus or deficit on the provision of services for non-cash movements	9	74,418
(19,185)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	9	(16,507)
26,586	Net Cash flows from Operating Activities	9	30,344
(26,677)	Net Cash flows from Investing Activities	10	(24,596)
(2,181)	Net Cash flows from Financing Activities	11	(7,425)
(2,272)	Net increase or decrease in cash and cash equivalents		(1,677)
10,418	Cash and cash equivalents at the beginning of the reporting period	12	8,146
8,146	Cash and Cash equivalents at the end of the reporting period	12	6,469

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 replicated 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 EntitiesSubsidiaries*ANGUSalive*

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 ANGUSalive. Libraries, museums, galleries, archives, sport and leisure facilities, country parks, community halls, access offices and the Webster Theatre are all now managed by ANGUSalive.

Whilst the Council does not have operational control of ANGUSalive, 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 ANGUSalive and the income, expenditure, assets and liabilities of ANGUSalive have therefore been consolidated on a subsidiary line by line basis.

ANGUSalive's audited 2017/18 accounts are not yet available, however once complete they may be obtained from: Head Office, William Wallace House, Orchardbank Business Park, Forfar, DD8 1WH.

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.

The financial performance of the Charitable Trusts and Endowments is reported within this accounts document at page 107.

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.

The financial performance of the Common Good Funds is reported within this accounts document at page 110.

Associates

Two entities have been consolidated as associates into Angus Council's Group Accounts in 2017/18 – 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 26.19% (the share in 2016/17 was 26.16%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Board were £2.338 million at 31 March 2018, compared to net liabilities of £7.628 million at 31 March 2017. The total Comprehensive Income and Expenditure for the year to 31 March 2018 was net income of £5.290 million, compared to net expenditure of £2.629 million for the period to 31 March 2017.

A copy of Tayside Valuation Joint Board's 2017/18 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 2017/18, which is 34.7% (the share in 2016/17 was 33.9%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Joint Committee were £16.080 million at 31 March 2018, compared to net liabilities of £48.721 million at 31 March 2017. The total Comprehensive Income and Expenditure for the year to 31 March 2018 was net income of £32.641 million, compared to net expenditure of £19.028 million for the period to 31 March 2017.

A copy of Tayside Contracts' 2017/18 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 3rd October 2015. It is a formal partnership between NHS Tayside and Angus Council to deliver health and social care from 1st April 2016.

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.

After accounting for IAS 19 Employee Benefits, the net assets of the Board were £0.962 million at 31 March 2018, compared to net assets of 0.582 million at 31 March 2017. The cost of services (before allowance for grant income) for the year to 31 March 2018 was £163.131 million, compared to a cost of services of £161.281 million for the period to 31 March 2017. After allowing for grant income (funding from Angus Council and NHS Tayside), the total Comprehensive Income and Expenditure for the year to 31 March 2018 was net income of £0.380 million, compared to net income of £0.582 million for the period to 31 March 2017.

A copy of AIJB's 2017/18 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 (subsidiary), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to increase both reserves and net assets by £1.954m (2016/17 showed an decrease of £16.689m).

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

The 2016/17 figures in the Group Comprehensive Income & Expenditure Account have been restated to reflect the new management structure within Angus Council.

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. The effect on the net pension liability of the Group of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in the Group pension liability of £16.548m.

Note 9 - Group Cash Flow Statement – Operating Activities

2016/17 £000		2017/18 £000
(19,225)	Net surplus or (deficit) on provision of services	(27,567)
	Adjust net surplus of (deficit) on the provision of services for non-cash movements	
39,815	Depreciation on Non-Current Assets	41,157
3,227	Impairment and downwards valuations	578
47	Amortisation on Intangible Assets	47
(19)	Increase / (Decrease) in Interest Creditors	758
5,914	Increase / (Decrease) in Creditors	2,839
(29)	(Increase) / Decrease in Interest Debtors	(259)
(1,746)	(Increase) / Decrease in Debtors	(107)
332	(Increase) / Decrease in Inventories	3
10,588	Pension Liability	18,565
51	Other Non Cash Transactions	56
250	Contributions to / (from) provisions	643
(446)	Movement on the Accumulated Absences Reserve	(95)
6,137	Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	8,040
1,166	(Surplus) / Deficit attributable to Associates / Joint Ventures	2,383
(291)	(Surplus) / Deficit attributable to Jointly Controlled Entities	(190)
64,996	Total Adjustments	74,418
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
(15,515)	Capital Grants credited to surplus / deficit on the provision of services	(15,003)

2016/17 £000		2017/18 £000
(84)	Net adjustment from the sale of short and long term investments	0
(3,586)	Proceeds from the sale of PPE and intangible assets	(1,504)
(19,185)	Total Adjustments	(16,507)
26,586	Net cash flows from operating activities	30,344

The cash flows for operating activities include the following items:

2016/17 £000		2017/18 £000
887	Interest received	478
(15,886)	Interest Paid	(16,681)
42	Dividends received	0

Note 10 - Group Cash Flow Statement – Investing Activities

2016/17 £000		2017/18 £000
(41,974)	Purchase of property, plant and equipment, investment property and intangible assets	(35,647)
(5,168)	Purchase of short-term and long-term investments	(5,368)
4,112	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,363
126	Proceeds from short-term and long-term investments	0
16,227	Other receipts from investing activities	15,056
(26,677)	Net cash flows from investing activities	(24,596)

Note 11 - Group Cash Flow Statement – Financing Activities

2016/17 £000		2017/18 £000
4,156	Cash receipts of short and long-term borrowing	0
(2,071)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,833)
(4,777)	Repayments of short and long-term borrowing	(4,890)
511	Other payments for financing activities	298
(2,181)	Net cash flows from financing activities	(7,425)

Note 12 – Group Cash and Cash Equivalents

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

2016/17 £000		2017/18 £000
1,716	Cash held by the Group	1,579
(415)	Bank Overdraft	(343)
6,845	Cash Investments	5,233
8,146	Total Cash and Cash Equivalents	6,469

Note 13 – Short Term Debtors (Net of Provisions)

2016/17 £000		2017/18 £000
22,905	Angus Council Debtors	23,063
21	Charitable Trusts Debtors	21
5	Common Good Fund Debtors	0
572	Angus Alive Debtors	684
(601)	Exclude Intra Company Debtors	(595)
22,902	Total Group Debtors	23,173

Note 14 - Short Term Investments

2016/17 £000		2017/18 £000
40,468	Angus Council Short Term Investments	46,227
18	Charitable Trusts Short Term Investments	40
40,486	Total Group Short Term Investments	46,267

Note 15 – Short Term Creditors

2016/17 £000		2017/18 £000
41,473	Angus Council Creditors	47,882
26	Common Good Fund Creditors	28
1,741	Angus Alive Creditors	1,128
(601)	Exclude Intra Company Creditors	(595)
42,639	Total Group Creditors	48,443

Note 16 – Liability Related to Defined Benefit Pension Scheme

2016/17 £000		2017/18 £000
197,186	Angus Council – Pensions Liability	71,507
9,210	Angus Alive – Pensions Liability	3,968
206,396	Total Group Pension Liability	75,475

Note 17 – Additional Disclosure

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

2016/17 %		2017/18 %
0.40%	Tayside Valuation Joint Board	0.17%
4.68%	Tayside Contracts	3.36%
2.02%	Angus Alive	1.16%

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 102) 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.

2016/17 Pension Scheme Obligations £000	2016/17 Total Gross Liabilities £000		2017/18 Pension Scheme Obligations £000	2017/18 Total Gross Liabilities £000
2,019	2,186	Tayside Valuation Joint Board	632	766
17,500	25,294	Tayside Contracts	6,663	14,730
9,210	10,951	Angus Alive	3,968	5,102

Note 18 – Group Reserves

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.306m. 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 on page 108.

Note 19 – 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 (Scott Moncrieff) – audit in progress – accounts to be submitted to Companies House by 31 December 2018.

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 2018 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 2018

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.

2016/17 Actual £000		2017/18 Actual £000	2017/18 Actual £000	2017/18 Budget £000
	Expenditure			
7,349	Repairs and Maintenance	7,978		7,727
6,932	Supervision and Management	7,017		7,924
539	Void Rents	448		508
12,377	Depreciation and impairment of non-current assets	12,538		12,538
488	Movement in the allowance for bad debts	375		500
759	Other expenditure	565		757
28,444	Total Expenditure		28,921	29,954
	Income			
(24,714)	Dwelling Rents	(25,393)		(25,314)
(508)	Non-Dwelling Rents	(529)		(532)
(88)	Housing Support Grant	(88)		(88)
(1,361)	Other Income	(1,254)		(1,408)
(26,671)	Total Income		(27,264)	(27,342)
1,773	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		1,657	2,612
270	HRA share of Corporate and Democratic Core		265	278
0	HRA share of other amounts included in the whole Council Net Cost of Services but not allocated to specific services		0	0
2,043	Net cost of HRA Services		1,922	2,890
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
2,357	(Gain) or loss on sale of HRA non-current asset		276	276
1,634	Interest payable and similar charges		1,488	1,828
(6)	Interest and investment income		(1)	(1)
164	Pension interest cost and expected return on pension assets		215	215
(2,012)	Non-specific Grant Income		(1,606)	(1,606)
4,180	(Surplus) or Deficit for the year on HRA services		2,294	3,602

Movement on the HRA Statement for the Year Ended 31 March 2018

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.

2016/17 £000		2017/18 £000	2017/18 £000
(5,691)	Balance on the HRA at the end of the previous year		(4,922)
4,180	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		2,294
(3,111)	Adjustments between accounting basis and funding basis under statute		(1,590)
1,069	Net (Increase) or decrease before transfers to or from reserves		704
	Transfers to / (from) earmarked reserves:		
(300)	Affordable Housing Account	(600)	
0	Prepaid Capital Grants	0	
0	Use of HRA Balances	533	
769	Net transfer to / from earmarked reserves		(67)
(4,922)	Housing Revenue Account surplus carried forward		(4,285)
	Summary of HRA Balance Commitments		
1,000	Minimum Policy Level		1,000
687	Survive and Thrive Commitment		687
1,359	Early Repayment of Debt		1,255
1,876	Scottish Housing Quality Standard / New Build		1,343
4,922	Total HRA Balance Commitments		4,285

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

2016/17 £000		2017/18 £000	2017/18 £000
	Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement		
(12,377)	Depreciation		(12,538)
0	Employee Benefits		0
(201)	IAS 19 Pension Adjustment		(411)
(12,578)			(12,949)
	Items not included in the HRA Net Cost of Services but included in the Movement on HRA Statement		
2,541	Loans fund principal repayments		1,880
7,135	Capital expenditure funded by the HRA		7,764
300	Capital expenditure funded by Affordable Housing Reserve		600
2,012	Non Specific Grant Income		1,606
(164)	HRA Share of contributions to or from the Pensions Reserve		(215)
11,824			11,635
	Gain/Loss on Sale of HRA non-current assets		
3,110	Non-current assets sales proceeds (net of cost of sales)		1,336
(5,467)	Net Book Value of non-current assets sold		(1,612)
9,467			11,359
(3,111)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		(1,590)

Housing Stock

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

2016/17		2017/18
40% / 60%	Houses / Maisonettes	40% / 60%
	Stock changes can be summarised as follows:-	
7,705	Stock at 1 April	7,653
	Add:	
8	New Build	11
14	Conversions	5
	Less:	
(73)	Right to Buy Sales	(29)
0	Open Market Sales	(11)
(1)	Closures / Demolitions	(8)
7,653	Stock at 31 March	7,621

Rent Arrears

Rent arrears as at 31 March 2018 were £2.348 million, and the comparable figure for 31 March 2017 was £2.314 million.

The provision for bad or doubtful debt has been increased from £1.478 million at 31 March 2017 to £1.499 million at 31 March 2018.

Prior Year Items

There are no exceptional or prior year items disclosed in the 2017/18 HRA Income and Expenditure Statement.

Council Tax Income Account and Notes**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 Council.

2016/17 £000		2017/18 £000
55,287	Gross Council Tax Levied & contributions in Lieu	59,345
(5,067)	Council Tax Reduction Scheme (CTRS)	(5,283)
0	Discounts for Prompt Payment	0
(6,538)	Other Discounts & Reductions	(6,842)
(802)	Write-off of Uncollected Debts & Allowances for Impairments	(820)
42,879	Net Council Tax Income	46,400
231	Adjustment to previous years' Council Tax	196
43,110	Transfers to the General Fund	46,596

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. The fractions of Band D were amended on 1 April 2017 to increase the Council Tax due for Bands E to H properties.

Valuation Band	Property Valuation Range	Fraction of Band D
A	£0 - £27,000	240/360
B	£27,001 - £35,000	280/360
C	£35,001 - £45,000	320/360
D	£45,001 - £58,000	360/360
E	£58,001 - £80,000	473/360
F	£80,001 - £106,000	585/360
G	£106,001 - £212,000	705/360
H	Over £212,000	882/360

Calculation of the Council Tax Charge Base 2017/18

2016/17		Valuation Band								2017/18
TOTAL		A	B	C	D	E	F	G	H	TOTAL
55,787	Total Number of Properties	15,248	12,781	7,070	8,589	7,501	3,036	1,645	169	56,039
1,767	Less Exemptions/ Deductions	826	411	147	118	141	55	31	24	1,753
5,063	Less Adjustment for Single Discounts	2,222	1,191	613	561	383	101	51	3	5,125
842	Less Adjustment for Double Discounts	367	194	130	92	57	34	23	10	907
48,115	Effective Number of Properties	11,833	10,985	6,180	7,818	6,920	2,846	1,540	132	48,254
	Band D Equivalent Factor (Ratio)	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
44,947	Band D Equivalent Number of Properties	7,889	8,544	5,493	7,818	9,092	4,625	3,016	323	46,800
897	Less Provision for Non-Collection 2%	158	171	110	156	182	93	60	6	936
44,050	Base as per Budget Setting	7,731	8,373	5,383	7,662	8,910	4,532	2,956	317	45,864
4,859	Less CTRS Band D Equivalent	2,416	1,184	512	357	172	67	27	2	4,737
39,191		5,315	7,189	4,871	7,305	8,738	4,465	2,929	315	41,127

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2017/18 Council Tax income of £50.641m. Inclusion of £0.200m provision for income from prior years' charges and the Council Tax Reduction Scheme payments of £6.248m, results in a net budget for Council Tax income of £44.593m.

Council Tax Properties and Council Tax Charges

2016/17 Effective Number of Properties	2016/17 Total Council Tax Charge £		2017/18 Effective Number of Properties	2017/18 Total Council Tax Charge £
11,844	714.67	A	11,833	736.11
11,021	833.78	B	10,985	858.79
6,187	952.89	C	6,180	981.48
7,761	1,072.00	D	7,818	1,104.16
6,833	1,310.22	E	6,920	1,450.74
2,806	1,548.44	F	2,846	1,794.26
1,528	1,786.67	G	1,540	2,162.31
135	2,144.00	H	132	2,705.19
48,115			48,254	

Non-Domestic Rates Income Account and Notes

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.

2016/17 £000		2017/18 £000
38,810	Gross Rates Levied & Contributions in Lieu	38,375
(10,592)	Reliefs & Other Deductions	(11,701)
0	Payment of Interest	0
(463)	Write-offs of uncollectable debts & allowances for impairment	(193)
27,755	Net Non-Domestic Rate Income	26,481
(1,245)	Adjustment to previous years' National Non-Domestic Rates	(1,341)
(70)	Non-Domestic Rate Income Retained by Council (BRIS)	0
26,440	Contribution to Non-Domestic Rate Pool	25,140

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.

2016/17 £000		2017/18 £000
29,410	Distribution from Non-Domestic Rate Pool	27,233
70	Non-Domestic Rate Income Retained by Council (BRIS)	0
29,480	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	27,233

The 2017/18 rate poundage which is set nationally was 46.6p with a large business supplement of 2.6p (rateable value in excess of £51,000).

Rateable Subjects and Values (1 April 2017)

Rateable Value as at 1 April 2016 £000	No of properties	Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2017 £000
17,250	1,151	Shops	1,154	16,341
1,376	94	Public Houses	93	1,460
5,293	490	Offices including banks	478	4,971
1,429	60	Hotels etc	57	1,831
21,214	1,133	Industrial Subjects etc	1,207	17,120
4,774	423	Leisure, Entertainment, Caravans etc	422	6,019
1,290	112	Garages and Petrol Stations	109	1,335
515	58	Cultural	58	644
485	162	Sporting Subjects	162	629
8,041	89	Education and Training	88	8,931
6,921	339	Public Service Subjects	333	8,566
125	13	Communications (Non Formula)	12	150
556	21	Quarries Mines etc	20	587
948	173	Religious	172	806
5,707	127	Health & Medical Care	134	5,909
2,328	360	Other	367	5,127
78,252	4,805	Total	4,866	80,426

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 2018.

Income and Expenditure Account for the year ended 31 March 2018

	2017/18			2016/17
	OSCR Registered £000	Other £000	Total £000	£000
Expenditure				
Beneficiaries	24	4	28	28
Administration	31	4	35	16
Total Expenditure	55	8	63	44
Income				
Rents, feu duties, dividends and interest	59	0	59	(51)
Loans Fund interest	9	2	11	(13)
Total Income	68	2	70	(64)
(Surplus)/Deficit	(13)	6	(7)	(20)

Balance Sheet as at 31 March 2018

	2017/18			2016/17
	OSCR Registered £000	Other £000	Total £000	£000
Non-Current Assets				
Heritable Property	0	2	2	2
Total Non-Current Assets	0	2	2	2
Total Long Term Investments	1,252	2	1,254	1,315
Current Assets				
Debtors	21	0	21	21
Short Term Investments	40	0	40	18
Revenue Advances to Loans Fund	781	210	991	981
Total Current Assets	842	210	1,052	1,020
Current Liabilities				
Creditors and accruals	0	0	0	0
Total Current Liabilities	0	0	0	0
Working Capital	842	210	1,052	1,020
Total Net Assets	2,094	212	2,306	2,337
Reserves				
Revenue Account	112	204	316	309
Capital Account	1,982	8	1,990	2,028
Total Reserves	2,094	212	2,306	2,337

The accounts were issued for audit on 29 June 2018 and the audited accounts were authorised for issue by the Head of Finance & Legal on the 25 September 2018.

Ian Lorimer CPFA
Head of Finance & Legal
25 September 2018

Notes - Principal Trust Funds

Balance at 31/3/18 Capital £000	Balance at 31/3/18 Revenue £000	Charity	Area Covered
67	6	ACCT – Ward 1	Kirriemuir and Dean
147	9	ACCT – Ward 2	Brechin and Edzell
66	2	ACCT – Ward 3	Forfar and District
12	3	ACCT – Ward 4	Monifieth and Sidlaw
65	4	ACCT – Ward 5	Carnoustie and District
60	4	ACCT – Ward 6 & 7	Arbroath East & Lunan and West Letham
116	1	ACCT – Ward 8	Montrose and District
74	6	ACCT – Angus Wide	Angus Wide
1,376	75	Strang Mortification	Forfar

Capital Reserves

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

	Balance at 1/4/17 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/3/18 £000
Movement during year	2,028	(60)	213	(191)	1,990

Nature of Assets and Liabilities

2016/17 £000	Summary and Nature of Assets and Liabilities	2017/18 £000
2	Non-Current Assets – Heritable Property	2
	Long Term Investments:	
1	Government Securities	1
1,314	Managed Funds	1,251
1,020	Current Assets *	1,052
2,337	Total Gross Assets	2,306
0	Current Liabilities **	0
0	Total Gross Liabilities	0
2,337	Total Net Assets	2,306

* 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 £6k has been included in Angus Council's audit fee and disclosed in those accounts.

Common Good

The Common Good is administered by local authorities in Scotland. It is vested in the local Council. 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 2018.

Income and Expenditure Account for the year ended 31 March 2018

Actual 2016/17 £000		Budget 2017/18 £000	Actual 2017/18 £000
	<u>Expenditure</u>		
47	Property Costs	28	34
29	Supplies and Services	4	5
23	Central Support Services Charges	24	20
80	Projects	388	372
42	Loan Interest Payable	42	42
122	Depreciation & Impairment	142	142
343	Total Expenditure	628	605
	<u>Income</u>		
(317)	Fees, Charges etc	(318)	(295)
(18)	Interest on Loan	(19)	(14)
0	Other Income	0	0
(335)	Total Income	(337)	(309)
8	Net (Surplus)/Deficit	291	306

Balance Sheet as at 31 March 2018

2016/17 £000		2017/18 £000
	Non-Current Assets	
5,131	Heritable Property (less Depreciation), Other Assets	5,592
5,131	Total Non-Current Assets	5,592
0	Long Term Debtors	0
	Current Assets	
5	Debtors	0
3,102	Revenue Advances to Loans Fund	2,960
3,107	Total Current Assets	2,960
	Current Liabilities	
(26)	Creditors and Accruals	(28)
(26)	Total Current Liabilities	(28)
3,081	Working Capital	2,932
(359)	Long Term Creditor	(331)
7,853	Total Net Assets	8,193
	Usable Reserves	
2,321	Revenue Cash	2,157
786	Capital Cash	803
	Unusable Reserves	
2,106	Revaluation Reserve Account	2,602
2,640	Capital Adjustment Account	2,631
7,853	Total Reserves	8,193

The accounts were issued for audit on 29 June 2018 and the audited accounts were authorised for issue by the Head of Finance & Legal on the 25 September 2018.

Ian Lorimer CPFA
Head of Finance & Legal
25 September 2018

USABLE RESERVES

1. Movement in Individual Common Good Reserve Funds:

Revenue

	Revenue Cash at 31/03/17 £000	Income £000	Expenditure £000	Revenue Cash at 31/03/18 £000
Arbroath	651	0	(45)	606
Brechin	591	0	(39)	552
Forfar	631	0	(10)	621
Kirriemuir	7	0	0	7
Montrose	441	0	(70)	371
TOTAL	2,321	0	(164)	2,157

Capital

	Capital Cash at 31/03/17 £000	Income £000	Expenditure £000	Capital Cash at 31/03/18 £000
Arbroath	281	0	0	281
Brechin	189	17	0	206
Forfar	202	0	0	202
Kirriemuir	0	0	0	0
Montrose	114	0	0	114
TOTAL	786	17	0	803

UNUSABLE RESERVES

Capital Adjustment Account

	Reserve Account Balance at 31/03/17 £000	Movement 2017/18 £000	Reserve Account Balance at 31/03/18 £000
TOTAL	2,640	(9)	2,631

Revaluation Reserve Account

	Reserve Account Balance at 31/03/17 £000	Movement 2017/18 £000	Reserve Account Balance at 31/03/18 £000
TOTAL	2,106	496	2,602

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2017/18

	(Surplus) Deficit on Inc. & Exp. Account £000	Adjust for Non Cash Transactions (See Note 3) £000	Adjust for Cash Transactions £000	Balance Advanced (To)/From Loans Fund £000
Arbroath	126	(81)	0	45
Brechin	89	(50)	0	39
Forfar	17	(7)	0	10
Kirriemuir	0	0	0	0
Montrose	74	(4)	0	70
TOTAL MOVEMENT IN YEAR	306	(142)	0	164
2016/17 Balance b/fwd cash due Loans Fund				(3,102)
Increase/(Decrease) per surplus above				164
Debtor Decrease – Montrose				(5)
Capital cash contribution – Brechin				(17)
Cash due Loans Fund as at 31/03/18				(2,960)

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation & impairment	(142)
Total	(142)

The above Common Good accounts for 2017/18 and Balance Sheet as at 31/03/2018, have applied, where relevant, the same accounting policies as those for Angus Council's 2017/8 Annual Accounts as stated in "Note 1 – Summary of Significant Accounting Policies" pages 38 – 49.

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 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statements, Comprehensive Income and Expenditure 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 Rates Income Account, the Charitable Trusts Income and Expenditure Account and Balance Sheet, the Common Good Income and Expenditure Account and Balance Sheet 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 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the council and its group as at 31 March 2018 and of the income and expenditure 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 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). 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 Standard, 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.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Legal has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Head of Finance and Legal and Scrutiny and Audit Committee for the financial statements

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

In preparing the financial statements, the Head of Finance and Legal is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Scrutiny and Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit 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) 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.

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

Other information in the annual accounts

The Head of Finance and Legal is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, 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, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited 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 audited 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
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

28 September 2018