

ANNUAL ACCOUNTS

2018/19



Angus Council – Annual Accounts 2018/19

Contents

Management Commentary	2
Annual Governance Statement 2018/19	16
Angus Council Remuneration Report 2018/19	24
The Statement of Responsibilities	38
Movement in Reserves Statement	39
Comprehensive Income and Expenditure Statement	40
Balance Sheet	42
Cash Flow Statement	43
Notes to the Accounts	44
Note 1 – Summary of significant Accounting Policies	44
Note 2 - Accounting Standards Issued, but Have not Yet Been Adopted.....	56
Note 3 - Critical Judgements in Applying Accounting Policies	56
Note 4 - Assumptions made about the Future and other Major Sources of estimation uncertainty.....	57
Note 5 – Expenditure Adjustments between Accounting Basis and Funding Basis under Regulations	58
Note 6 - Transfers to/from Earmarked Reserves	60
Note 7 - Financing and Investment Income and Expenditure	61
Note 8 - Taxation and Grant Incomes.....	61
Note 9 – Expenditure and Funding Analysis	62
Note 10 - External Audit Costs.....	65
Note 11 - Property, Plant and Equipment.....	65
Note 12 – Heritage Assets	67
Note 13 – Long Term Debtors.....	67
Note 14 – Short Term Debtors.....	68
Note 15 - Cash and Cash Equivalents.....	68
Note 16 – Short Term Creditors.....	68
Note 17 - Unusable Reserves.....	68
Note 18 - Termination Benefits	71
Note 19 – Councillor Remuneration, Allowances and Expenses.....	71
Note 20 – Teachers Pensions Scheme Accounted for as Defined Contribution Scheme	72
Note 21 - Defined Benefit Pension Schemes	72
Note 22 - Related Parties	78
Note 23- PFI / PPP and Similar Contracts	80
Note 24 - Leases	83
Note 25 - Capital Commitments	84
Note 26 - Construction Contracts	85
Note 27 - Capital Expenditure and Capital Financing	85
Note 28 - Financial Instruments	86
Note 29 - Nature and Extent of Risks Arising from Financial Instruments	90
Note 30 - Loans Fund Revenue Account.....	93
Note 31 – Other Long Term Liabilities.....	94
Note 32 – Contingent Liability	94
Group Accounts.....	95
HRA Income and Expenditure Statement	106
Council Tax Income Account and Notes	110
Non-Domestic Rates Income Account and Notes	112
Charitable Trusts	114
Common Good.....	116
Independent Auditor’s Report.....	119

Management Commentary

1. Purpose

The Management Commentary explains Angus Council's financial performance for the year ended 31st March 2019. 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 financial and policy environment in which the Council operates. It outlines the future plans for the Council and the challenges and risks it faces to meet its vision to make Angus a great place to live, work and visit.

Angus Council's financial results are presented in four primary statements (pages 39-43): the Movement in Reserves Statement; the Comprehensive Income and Expenditure Statement; the Balance Sheet and the 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, but by working with partner organisations and communities, we aspire to 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 and changing expectations from the public we serve, 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.

4. The Council Plan 2019-2024

The Council agreed a new [Council Plan](#) in February 2019 alongside a Summary Financial Plan and Workforce Plan. The new Council Plan contains many of the same themes as the previous Plan and sets out our four priorities which we continued to work towards during 2018/19 and against which we will measure our outcomes in future:-

4.1. Economy

We want Angus to be a 'go to' place 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;

A full copy of the 2019-2024 Council Plan can be found [here](#).

At its 2019/20 budget setting meeting in February the Council also agreed a summary financial plan which is a simple guide to how the Council's finances work, the significant financial challenges the Council has dealt with and will face in the future and charts and diagrams which show where the Council spends its money and where that money comes from. The Summary Financial Plan can be found [here](#).

The Workforce Plan agreed by the Council in February 2019 can be found [here](#). It provides a summary of the Council's current workforce, comments on the impact of the Council's Change Programme and makes an assessment of the future skills and development needs of staff so the Council has a workforce in the future which is still able to meet the needs of Angus citizens.

5. Our Change Programme

The Summary Financial Plan referred to above explains that the Council has had to save £55m to balance its budget in the last seven years and has reduced its staff by more than 500 in that same period. These are substantial changes for any organisation and have been made at a time when the Council has had to take on a number of new duties through new legislation. Most of the budget savings made have been delivered through our Change Programme. Our Change Programme is however as much about improving outcomes as it is about budget savings so the Programme is made up of dozens of projects aimed at enabling change, investing in improving outcomes and delivering substantial financial savings.

There are many highlights from our Change Programme which could be mentioned but during 2018/19 a significant investment has been made in organisational design and zero based budgeting (OD/ZBB) reviews of every service the Council provides. This work has already delivered £2.4m of savings in the 2019/20 budget with more to come in future years. We believe our work here has been sector leading by linking outcomes to resource decisions and reviewing in detail existing budget allocations.

The latest version of our Change Programme as submitted to the Council's Scrutiny & Audit Committee on 18 June 2019 can be found [here](#).

6. A Performance Led Council

The challenges facing the Council are many and varied and mean that we must be clear on our priorities, clear on our current performance and clear on what performance we want to have in future. The Council's Leadership Team supported by leaders and managers across the organisation has therefore made being "a performance led Council" at the centre of our culture and approach. We have adopted the How Good Is Our Council (HGIOC) model of self-evaluation to help us understand where we are now, what needs to improve and to plan how we will get there. The HGIOC model began rolling out across all services of the Council during 2018/19. We are also developing our performance management system Pentana to support our intention to be a performance led Council.

We are currently pursuing seven areas of organisational effectiveness to help improve our performance. We will continue to work hard in these areas to ensure we deliver best value to citizens in the services we provide. The seven areas are:

- Assure appropriate accountability for performance and outcomes;
- Ensure everyone is focused on cost reduction;

- Redesign of services that are relevant to new and changing need;
- Options Appraisals which inform efficient and effective decision making;
- Improvement of the Council's distinctive capabilities by establishing effective partnership networks and delivery;
- Development of managerial leadership throughout the organisation;
- Fostering a results based culture built on personal responsibility.

7. Operating Context

The challenges which face Angus Council over the next five years will be the focus of work within our 8 service areas:

- **Schools & Learning** – the schools & learning service is mainly responsible for early years, primary and secondary schools and any additional support needs within Angus relating to our young people;
- **Children, Families & Justice** – where the main areas of responsibility include statutory children & families services and criminal justice social work;
- **Human Resources, Digital Enablement, Information Technology & Business Support;**
- **Infrastructure Services** – responsible for roads & transport (roads, pavements, parking, flood & coastal protection) and Property Assets;
- **Communities** – mainly responsible for 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);
- **Strategic Policy, Transformation & Public Sector Reform** – mainly responsible for strategic policy & economy; risk, resilience & safety; governance & change and internal audit;
- **Finance** - Revenues & Benefits (Council Tax, benefits & money advice, welfare rights); Finance Corporate & Services Support;
- **Legal & Democratic Services** - Licensing and registrars; Legal Support Services; Facilities Management Services.

All of the above services 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](#) (the Integration Joint Board for the Angus area);
- [Angus Alive](#);
- Charitable Trusts;
- Common Good;
- [Tayside Contracts Joint Committee](#).

More information on these partners can be found in the Group Accounts, pages 95-105.

8. Financial Context – How the budgets were set for financial year 2018/19

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 one-off funding from general fund balances.

Angus Council's general fund revenue and capital budgets for 2018/19 were agreed at a special Council meeting on 15 February 2018 Report 60/18.

In order for the Council to set a balanced budget for 2018/19 the budget strategy included Change Programme savings of £10 million, £0.6 million through a one-off reduction in loan charges, £5.7 million of one-off measures from reserves and the balance coming from an approved 3% increase in Council Tax, £1.8 million. These are detailed in Report [60/18](#).

The council's Housing Revenue Account (HRA) is funded by rents from council-owned properties. The revenue and capital budgets for Housing were set at a special meeting of the Communities Committee on 6th February 2018. The Council is required by statute to record the income and expenditure relating to the provision, improvement and management of Council Houses separately from the General Fund. This can be seen on the Housing Revenue Account statement on page 106.

9. 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 2018/19 \(the 2018 code\)](#). The 2018/19 Annual Accounts have been prepared in accordance with this Code. A simplified summary of the Council's financial performance for 2018/19 is also available in [Report 215/19](#) and its appendices. Some minor adjustments to the figures have arisen since that report was prepared along with a slight change to the uncommitted balance.

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 Director of Finance (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.

9.1. 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 and Angus citizens receive the benefit from capital expenditure over more than one year.

9.2. Revenue Outturn Position

The Comprehensive Income and Expenditure Statement below sets out the cost of running Angus Council Services (excluding Council Housing and Adult Services, Angus Integration Joint Board) over the financial year from 1 April 2018 to 31 March 2019.

Fig.2 Comprehensive Income and Expenditure Statement

	Net Spend £m	Net Budget £m	Variance £m
Strategic Policy, Transformation & Public Sector Reform			
- Directorate	0.600	0.634	0.034
- Strategic Policy & Economy	2.106	2.410	0.304
- Governance & Change	1.173	1.318	0.145
- Internal Audit	0.287	0.310	0.023
- Risk, Resilience & Safety	0.328	0.321	(0.007)
People			
- Directorate	0.592	0.525	(0.067)
- Schools & Learning	114.201	117.932	3.731
- Children, Families & Justice	19.943	20.118	0.175
- Human Resources, Digital Enablement, IT & Business Support	4.613	5.148	0.535
Place			
- Directorate & Business Support	1.020	0.892	(0.128)
- Services to Communities	7.276	7.182	(0.094)
- Communities	23.674	23.946	0.272
- Infrastructure Services	21.718	21.725	0.007
- Finance & Legal	7.172	7.512	0.340
Other Services	12.571	13.083	0.512
Facilities Management	2.702	3.394	0.692
Corporate Items	(3.406)	2.430	5.836
Tayside Valuation Joint Board	0.720	0.720	0.000
General Fund Net Expenditure	217.290	229.600	12.310

The Council spent £217.290 million during 2018/19 and achieved the following and much more:

- We registered 898 births and we are corporate parents of 265 children
- We teach 15,158 children every day, taking 3,000 of them to and from 59 schools and feeding 7,380 of them at lunchtime
- We engage young people in over 60 youth work projects, with over 400 young people attending Friday Night Projects
- 341 young people achieved Duke of Edinburgh Awards
- We have helped 86 adult learners to achieve a qualification
- We have over 1,100 adults involved in learning
- A participatory budget process for youth work was co-ordinated with young people. As a result 1,127 young people voted for projects across Angus and £40,000 was shared across 15 new youth work projects.
- 93.5% of Angus can now receive broadband, 89% receive superfast speeds
- We make 80,000 individual inspections of play equipment, cut 70 million m² of grass and inspected 3,500 trees
- We had 173 business start-ups
- We kept 1,800km of roads and 1,400km of footways and cycleways safe and usable
- We cut 2,210km of verges on our roads
- ACCESSLine received on average 5,000 calls per month

The table (Fig 2) above also shows that across all **general fund net expenditure** budgets there was a favourable variance against the original budget of just over £12 million. Some of this was known about or planned for during 2018/19 and in setting the 2019/20 budget as part of the Council's proactive financial management arrangements. In addition some of this saving has arisen due to delays in costs being incurred into financial year 2019/20 and this requires those savings to be earmarked and carried forward from 2018/19 to 2019/20.

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

- Savings in staff costs (£4.8 million) – services again have delayed recruitment to posts due to pending reviews and Change Programme savings requirements. This also includes the balance of funding allowed for severance costs (£1.7m) which may come from the pending reviews and Change Programme savings. This will be earmarked in the General Fund Balance for use in future years;
- Savings in the new facilities management service;
- Slippage in projects and works – underspends against budgets in these areas arise for a variety of reasons but non-filling of staff posts is likely to be a factor where services simply haven't had the resource to progress projects in line with expected timelines;
- Additional income in some services.

The savings on Directorate budgets for 2018/19 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 2019/20. A total of £5.9m of savings were implemented when the 2019/20 budget was set in February 2019 and this included savings and adjustments delivered through the Organisational Design / Zero Based Budgeting programme of reviews.

9.3. Capital Outturn Position

Angus Council spent £33.518m during the year on various capital expenditure projects which is detailed in note 27 to the accounts. On a net basis (i.e. after accounting for dedicated capital receipts, grants and contributions), spend during 2018/19 was £26.132m.

The General Fund capital programme reported gross expenditure of £22.746m against a full year budget of £27.385m, representing slippage of £4.639m. This slippage arose mainly within Environmental Services (£1.251m) and Roads & Transportation (£1.103m) due to:

- Council agreement to defer spend associated with the provision of zero waste implementation (per report 264/18);
- delayed contract procurement on the Arbroath Flood Strategy project (January 2019), significantly reducing anticipated spend in 2018/19.

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

- £0.5m on agile office facilities and rationalisation of Council buildings;
- £1.8m on the provision of waste related services;
- £1.6m on the maintenance and upkeep of the council's buildings and property;
- £7.6m on infrastructure works to roads, footpaths, bridges, etc.;
- £0.5m on flooding / coastal protection related works;
- £4.1m on the provision of new primary schools in Arbroath;
- £0.2m on Early Years Expansion within schools.

For information more detailed narrative on capital investment plans, treasury management (borrowing and investments), prudential indicators and loans fund liabilities can be found in the Council's [Capital Strategy](#).

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

Angus Council owns 7,658 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 2018/19, the transfer of a net deficit of £0.074m resulted in HRA balances of £4.211m at 31 March 2019.

The Housing Capital Programme reported gross expenditure of £10.772m, representing slippage of £4.043m against a budget of £14.815m.

Slippage mainly arose within the programmes for: heating installations / replacements (£1.445 million); energy savings (£1.703 million); bathroom replacements (£0.506 million); and general improvements at sheltered housing facilities (£0.195 million).

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

- £6.0m on new council housing provision;
- £0.4m on heating installations / replacements;
- £1.3m on energy saving measures;
- £1.4m on kitchen replacements;
- £0.3m on window replacements;
- £0.3m upgrading garages; and
- £0.3m resurfacing footpaths.

11. 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 on a one-off basis. All of the transactions on the General Fund and Housing revenue and capital budgets in 2018/19 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 2018/19 financial year the main usable reserves and their balance at 31 March 2019 are shown below together with the equivalent balances at 31 March 2018.

Fig. 3 Usable Reserves

	Balance As At 31/3/19 £m	Balance As At 31/3/18 £m	Movement £m
General Fund	30.657	26.601	4.056
Housing Revenue Account	4.211	4.285	(0.074)
Capital Fund	1.521	2.206	(0.685)
Renewal and Repairs Fund	2.319	2.903	(0.584)
Insurance Fund	1.346	1.397	(0.051)
Usable Capital Receipts	1.524	1.424	0.100
Unapplied Grants	3.299	0.805	2.494
Other Reserves	<u>0.714</u>	<u>0.593</u>	<u>0.121</u>
Total	<u>45.591</u>	<u>40.214</u>	<u>5.377</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 General Fund balance is £30.657m as of 31 March 2019, and includes £0.931m held on behalf of Angus schools under the Devolved School Management (DSM) Scheme leaving a net General Fund balance of £29.726m. £22.506m of this net General Fund balance is committed as follows:

Fig. 4 Committed General Fund Balances

	£m
Working Balance/Contingency (per existing policy)	4.000
Applied in 2019/20 Budget Setting	4.015
Saving on debt charges, used for informing discussions/decisions on the 20/21 budget setting process (committee report 64/18 refers)	1.799
Earmarked monies (including grants, re-determinations & prior year carry forwards) which will be used in 2019/20 and future years	7.460
2018/19 100% Revenue Budget Carry Forwards to 2019/20	1.402
Angus Council Change Fund	1.015
Affordable Housing Revenue Account	2.815
Total Committed Within General Fund Reserve	22.506

Once this committed balance has been removed from the net General Fund balance, the Council has an uncommitted balance of £7.220m at 31 March 2019. This uncommitted balance position is after allowing for an earmarked contingency sum of around 1.8% of the net revenue budget (£4.0 million) and it is considered prudent to continue with this position to address any significant one-off issues which may arise during the course of the current and forthcoming financial year. This contingency sum will also provide a suitable financial base for future years as part of the Council's medium term budget strategy.

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 2018/19 £0.522 million under budget.

The Repairs and Renewals Fund Reserves at 31 March 2019 represent £2.319m; Property £0.713m; Information Technology £0.402m; Roads & Transport £0.104m; Parks & Cemeteries £0.135m and £0.965m 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.

12. Balance Sheet

The Balance Sheet represents a snapshot of Angus Council's overall financial position on 31 March 2019. 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 decreased by £8.940m from £508.497m in 2017/18 to £499.557m in 2018/19.

There were no significant changes in the Balance Sheet.

13. 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 95 to 105.

14. 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	2018/19	2017/18	Purpose
Uncommitted General Fund reserve (incl contingency) as a proportion of annual budgeted net expenditure	3.4%	2.6%	Reflects the level of funding available to manage financial risk/unplanned expenditure
Movement in the uncommitted General Fund balance	£4.616m	£2.270m	Reflects the extent to which the Council has increased/(decreased its uncommitted General Fund Reserve
Council Tax – In Year Collection Rate	97.6%	97.8%	Demonstrates the Council's effectiveness in collecting council tax debt
Ratio of council tax income to overall level of funding	20.0%	17.9%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income
Capital Financing Requirement	£286.569m	£282.863m (restated)	Measurement of requirements to borrow for capital purposes
External debt levels	£276.176m	£272.841m (restated)	Actual borrowing for capital investment purposes
Ratio of financing costs to net revenue stream	11.6% (GF) 8.6% (HRA)	11.7% (GF) 7.8% (HRA)	Measurement of the council's ability to fund borrowing costs

15. Council Performance 2018-19

Key Council Achievements

15.1 Economy

- The Tay Cities Deal Head of Terms were signed off with both UK and Scottish Governments in November 2018 bringing £350 million of additional resource to Tayside. The deal aims to create 15,000 jobs and bring £1.8 billion into the region. The whole of Angus will benefit from the deal with specific highlights including £2 million to support the Centre of Manufacturing Excellence, £1 million for rural broadband infrastructure and £26.5 million for additional capital projects over the lifetime of the deal;
- Angus Digital Strategy – we now have two very successful business parks offering high speed broadband and high speed access is being rolled out to schools;
- Shared Apprenticeship Programme - expanded the pool of potential employers, creating more opportunities for our young people. This award winning programme has now worked with 32 employers and supported 35 apprentices in construction related skills and training;
- Montrose South Regeneration – we completed the award winning £3.1 million project in partnership with the private sector, creating and sustaining jobs in the area;

- The Open – we successfully delivered the Open in partnership with the R&A and Carnoustie Golf Links. Our marketing campaign and promotional activities for The Open delivered a £21 million boost to the Angus economy.

15.2 People

- Excellence and Equity in Schools - We have opened new schools in Arbroath and have planned for the development of more. Inspection outcomes continue to be positive and more young people are staying on at school with 34% of school leavers achieving five or more highers or equivalent qualification and 94.7% moving on to a positive destination (16/17 data). Schools have embedded new systems for tracking and monitoring the progress of children and young people. Self-evaluation processes in schools make good use of performance data to evidence progress and plan next steps in improvement;
- Working with Families - Our Children, Families and Justice Services are continuing to improve our practice in delivering evidence based assessment and interventions. Our nationally recognised 'Glen Isla' project for women has continued to embed a trauma informed ethos within the service and we are working to expand the success of this approach into our wider service provision. We continue to actively recruit foster and adoptive carers locally to ensure a high percentage of our children needing alternative care can live locally in Angus. We have worked to improve our residential houses for children;
- Angus Health & Social Care Partnership - Our Health & Social Care Partnership has introduced a new model of care that supports older and vulnerable people to remain in their own homes with individually tailored care packages. We continue to support the Health & Social Care Partnership to try to ensure people are happy, healthy and well cared for.

15.3 Place

- Locality Planning - We have continued to develop locality based approaches to our work, supporting the development of Locality Implementation Partnerships which will lead on delivering the locality plans. The plans were the result of engagement through locality events, town centre charrettes and consultation;
- Building in Angus - Angus Council's Planning Service continues to deliver quality outcomes by delivering high quality development on the ground at a locality and site specific level. The objective is to facilitate developments throughout Angus to provide a variety of homes and help our economy grow;
- Investing in Housing - The Local Housing Strategy ensures that Angus continues to benefit from Government grants that create affordable housing. Planning is underway for the regeneration of the Timmergreens area of Arbroath as well as the ongoing development at Smithy Croft. Work is well developed in the Abbey Quarter in Arbroath and the completed development at the former Chapelpark School in Forfar is winning national awards for the regeneration of such a significant site;
- Meeting Environmental Challenges - The Angus environment is known for its beauty and we want to keep it that way. Tackling climate change is a worldwide issue, and we are playing our part in helping to mitigate it by working to cut carbon emissions in our property estate, our fleet vehicles and on our roads. We have also made changes to increase the amount of waste which is recycled;
- ANGUSalive - We have continued to fund ANGUSalive which offers our leisure, cultural and library services across Angus. The opening of the library in Montrose demonstrates Angus Council's commitment to ensuring excellent quality and affordable services are on offer for everyone to enjoy within reasonable travelling distance.

15.4 Our Council

- Our Change Programme - Delivering efficiencies and innovation through our Change Programme has been central to everyone's work across the Council and managerial leadership of change has become paramount throughout the organisation.
- Our Agile Programme - This continues to make us a more efficient and effective council by reducing the number of buildings we occupy, particularly as numbers of employees reduce. We have transferred other buildings to communities to use and manage and are exploring shared accommodation with our partners. To date we have saved over £2 million over the last three years.

- Management Review - We have saved more than £1.5 million from reducing the number of managers in the organisation in the last year. This has resulted in a standard and equitable approach to grading.
- Service Reviews - Service reviews in particular service areas brought about significant additional savings.
- Digital by Design - Becoming more digital in the way we work ensures that customers have the flexibility of accessing services 24/7, whenever it suits them and accessing digital services so good, people prefer to use them. We are continuing to 'lean' and digitise all our processes to reduce waste and ensure they are fit for the future.
- Business Support - Our Business Support Review working in tandem with our digital vision will reduce the requirement for administrative support in the future. Opportunities for staff to retrain have been offered as part of our early years' expansion programme.

16. Looking Forward

16.1 Operating Principles

The Council's refreshed [Council Plan](#) 2019 – 2024 highlights our ongoing commitment to our four strategic priorities:

1. Angus is a go to place for business
2. We want to maximise inclusion and reduce inequalities
3. We want our communities to be strong, resilient and led by citizens
4. We want Angus Council to be efficient and effective

We will continue to listen to you about how we go about achieving those priorities with the resources we have available to us. Already as a council we have demonstrated:

- efficiency in the way we are running our business by adopting a digital and agile approach;
- the ability to raise a minimum of £21m in economic benefits for Angus through our exceptional hosting of the international 147th Open in Carnoustie;
- considerable investment in our learning and housing estate;
- our long term commitment to working with our communities.

This plan sets out our further intentions over the next five years to continue to improve outcomes for people. We will achieve this by focusing on the long term sustainability of services, continuing to develop new ways of delivering them while protecting jobs wherever possible and also keeping firmly focused on protecting those on the front line. Angus Council's purpose is to work with and for the people of Angus to improve the outcomes and opportunities for all of us. Our vision, set out with our partners in our Community Plan is for Angus to be a great place to live, work and visit. In our Council Plan, you will see our ambition for Angus and how we will work with others to achieve our part of our partnership vision.

This plan clearly states our continued commitment to our priorities. It also provides some of the highlights from our work over the last year, but more importantly describes what is changing and why.

Our story is a good one, with maximising efficiency at the heart of our approach to delivering the challenging savings we need to make. In 2019/20, we have some additional short term resources and this plan sets out where we intend to use these resources to increase economic growth, reduce demand for complex, high cost interventions and at the same time improve outcomes for vulnerable families. It also sets out a clear commitment to work with communities in Angus which is very important.

Councils are in a challenging climate with reducing resources and increasing expectations. Our need to work with others is stronger than ever, not just because of our reduced circumstances, but because research has told us this is the best way to make progress.

The plan outlines the resources shared and devolved to other agencies and communities to achieve the best we can with what is available to us. It sets out our programme for change within our Council plan to ensure we are open about what is changing and why.

16.2 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 from August 2020;
- Community Empowerment including Community Asset Transfer and Participatory Budgeting;
- Local Governance Review, to 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.

16.3 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 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 2019 identified that Council revenue funding from the Scottish Government had reduced in real terms since 2013/14 but increased slightly between 2018/19 and 2019/20.

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) [\(report 263/18\)](#) covers the period to 2021/22. 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. The figures previously reported in the documents mentioned above have since been updated as part of the 2019/20 budget setting process and are shown in the table below (Fig. 6). An update to the existing MTBS is being prepared for submission to councillors in September 2019.

The Change Programme was budgeted to deliver savings of £10.3 million in financial year 2019/20. In addition to this it is estimated that the programme will achieve savings totalling £14.6 million over financial years 2020/21 and 2021/22. This is not sufficient at present to address the projected funding gap identified in the table below.

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

	2020/21 £m	2021/22 £m	2 Year Total £m
Projected Funding shortfall	14.6	10.6	25.2
Estimated Savings From Change Programme	8.6	6.0	14.6
Remaining Funding Gap	6.0	4.6	10.6

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 £3.2m over 2 years. Future Council Tax levels will be considered as part of the Council's budget setting process for the above years. Work is underway to identify options for how the remaining funding gap identified above (both with and without possible future Council Tax increases) can be addressed.

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 2017/18. Key messages from this report include:

- In 2017/18, council's managed funding gaps of four per cent in their net expenditure budgets of £12 billion, mainly through savings and planned use of reserves. Councils are under pressure to find different ways to fund and deliver services. In 2017/18, 24 councils increased council tax, whereas in 2018/19, all councils increased council tax.
- Overall increases in spending in Education and Social Work were offset by reductions in other services.
- Eighteen councils ended 2017/18 with lower levels of usable reserves than they had at the start of the year. Total usable reserves fell by £18 million, a relatively small amount.
- The financial outlook is for reductions in Scottish Government revenue funding to councils. This will mean continued and increasing financial pressures on council services, especially those that are not protected.
- The impact of EU withdrawal is not yet clear, but councils need to identify the risks and develop contingency plans to manage these risks.

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.

17. Conclusion & Acknowledgment

We are pleased to record that the council has successfully managed its financial affairs over the last financial year 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
24 September 2019

Councillor David Fairweather
Leader of the Council
24 September 2019

Ian Lorimer
Director of Finance
24 September 2019

Annual Governance Statement 2018/19

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. This means that it must plan to continuously improve its performance, while maintaining an appropriate balance between quality and cost. It must do this with regard to economy, efficiency and effectiveness.

To fulfil this duty, elected members and senior officers are responsible for putting in place arrangements to ensure that Angus Council has proper governance and that it delivers its functions. These include:

- setting the strategic direction, vision, culture and values of the council
- effective operation of corporate systems, processes and internal controls
- engaging with communities
- monitoring progress against strategic objectives
- delivering services cost effectively
- 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). This 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. 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 2019. 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 and internal audit annual reports.

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 against 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 2018/19:

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

The core constitutional documents of the council are:

- Standing Orders, which regulate the proceedings at council meetings
- Order of Reference of Committees, which details the council's committees, sub committees and their associated remits
- Scheme of Delegation to Officers, which details the delegation to a range of appropriate officers.

All are reviewed on a regular basis to ensure they are fit for purpose. The most recent update, approved by full council in May 2019, reflects changes to the council's management structure and recent legislative changes. (Report 146/19.)

The final stage of the current management restructure, which commenced during 2017, has now been implemented. Full details can be found in report 379/18, approved by full council in December 2018.

Internal Financial Control

Within the council's overall governance framework there are specific arrangements 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.

It is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, delegation and accountability. Development and maintenance of the system is undertaken by managers within the council. Controls cannot eliminate the risk of failure to achieve strategic priorities and outcomes, but the system is designed to manage risk to a reasonable level.

Statutory Roles

The council's Chief Executive is responsible and accountable for all aspects of executive management.

The council's financial management arrangements 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 council's Chief Financial Officer, is involved in the development of all strategic and financial policy matters and has direct access to all elected members. He reports directly to the Chief Executive on all matters concerning his statutory role. For the year under review the Chief Financial Officer was able to fulfil the requirements of the role through the arrangements which existed.

During 2017/18, the Chief Financial Officer held the post of Head of Corporate Finance. From 1 April 2018, the posts of Head of Corporate Finance and Head of Legal & Democratic Services were merged to a single post, Head of Corporate Finance & Legal, held by the Chief Financial Officer. In the final stage of the current management restructure, the post of Head of Legal & Democratic Services was reinstated and all tier 2 (Head of Service) posts were redesignated as Director. (Report 379/18 refers.) From 1 April 2019, the Chief Financial Officer holds the post of Director of Finance.

The council's Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Director of Legal & Democratic Services has been in post since 23 April 2019 and is the council's Monitoring Officer. From 1 April 2018 to 22 April 2019, the Monitoring Officer was the Service Leader Legal & Democratic Services.

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). Agendas, reports and minutes of the IJB are published on the Council website. The IJB Chief Officer is a member of the Council's Corporate Leadership Team.

The council's Chief Social Work Officer (CSWO) is responsible for providing effective professional advice to elected members and officers in the authority's provision of statutory social work duties. She also provides 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. The CSWO's 2018/19 annual report will be submitted to Council in October 2019. The [2017/18 annual report](#) is available on the council website.

Internal Audit Service

The council operates an internal audit service which reports directly to the Chief Executive. The in-house team is supplemented by additional IT audit input from a co-source contractor. Since 16 July 2018, the service has been led by the full time Service Leader Internal Audit, who reports on a functional basis to the Scrutiny & Audit Committee. She reports in her own name, retains final edit rights over all audit reports and provides the Scrutiny & Audit Committee with an annual report on governance, risk and internal control. 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. Previously, the internal audit service was led by an Audit Manager, provided on a part-time basis through an internal audit co-source contract, which came to an end on 30 April 2018.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards. As required by the Standards, an external quality assessment will be undertaken before the end of 2019. The results will be reported to the Scrutiny & Audit Committee.

A new edition of CIPFA's guidance on the *Role of the Head of Internal Audit in Public Sector Organisations* was published in April 2019. A review of the guidance confirms that the role of Service Leader Internal Audit is broadly compliant. A detailed self-assessment has identified a small number of areas where actions could be taken to further strengthen the profile of internal audit within the organisation. Work is underway to address these.

The Counter-Fraud Team is a specialist resource which 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. A self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption confirms that the council has adopted a response that is appropriate for its fraud and corruption risks. During 2018/19, there has been an increase in the number of referrals to the Counter-Fraud Team, resulting in an increased level of reactive work. All of the allegations investigated were of low financial value or non-cash related and none has had a material impact on the council's financial standing. Report 194/19 to the Scrutiny & Audit Committee in June 2019 has further detail on the work of the Counter Fraud Team.

The council recognises that there is an increased risk of fraud during a period of extensive change. In response to this, an additional member of staff has been appointed to the Counter-Fraud team on a temporary basis, from 20 May 2019 to 31 March 2021. In addition, the Internal Audit plan for 2019/20 includes a review of cash handling procedures and controls across the council.

Local Code of Corporate Governance

Further details of the governance framework, including developments which have taken place during 2018/19, can be found in the Local Code of Corporate Governance 2019, which can be accessed from the council website. The governance framework has been in place for the year ended 31 March 2019 and up to the date of approval of the council's Annual Accounts (24 September 2019).

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 is responsible for monitoring compliance with the principles of good governance. It also makes 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 service directors, who are responsible for the development, maintenance and improvement of the governance arrangements within their own service
- an annual assurance statement and questionnaire completed by the Chief Officer, Angus IJB
- 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
- a review of the governance statements prepared by subsidiaries and associates included in the council's Group Accounts
- assurance letters received from the Chair of the IJB Audit Committee and the Chair of the ANGUSalve Board.

In addition to the above, the council's Service Leader Internal Audit conducts an independent review of the council's risk management processes, systems of internal control and corporate governance processes. Her review of 2018/19 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."

(Internal Audit Annual report 2018/19)

The conclusion from the review activity outlined above is that in 2018/19 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 2018/19, or where further improvements are planned for 2019/20 to enhance the council's governance framework. Progress will be reported to the Scrutiny & Audit Committee. An update on the improvement actions identified in the 2017/18 Annual Governance Statement is provided below. Further work will be undertaken in three of these areas during 2019/20 (actions 1,3 and 6 below)

- Following the publication of the Programme for Government 2017-18 the Scottish Government set out the intention to “decentralise power to a more local level in Scotland and launch a comprehensive review of local governance”. In December 2017, the Scottish Government and COSLA jointly launched the Local Governance Review. The initiation of this work complements the work that has been ongoing in Angus since 2015 to better engage local communities in determining priorities and decisions about what is needed in their areas and how to achieve it. Angus Community Planning Partnership submitted a comprehensive response to the Local Governance Review and has been working with the Improvement Service through the Community Planning Improvement Board to explore new ways of working with communities.
- The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions. Local Authorities are included in this and are required to publish a written assessment showing how they have done this.

In Angus council we have as an interim process put in place an assessment template which is completed for any committee report that could have an impact on local resident's standard of living. A working group is currently working on an integrated assessment bringing together the Strategic Environmental Assessment and Equalities Impact Assessment. We have been engaging with the Improvement Service on this process and presented at one of their events in March 2019 regarding the activity Angus Community Planning Partnership are undertaking to adhere to this Duty.

- The Council Plan 2019-2024, Summary Financial Plan 2019/20–2021/22 and Workforce Plan Update 2018-2021 were approved by full council in February 2019. These documents set out the council's strategic direction, vision, priorities and planned changes and demonstrate how the available resources are being targeted towards delivering the council priorities.
- The council is operating in a challenging climate, with reducing resources and increasing demand and expectations. Some services have identified concerns about the ability to continue to deliver services if a high level of staff vacancies and/or long term illness were to occur at a critical point during the business cycle. The position is being monitored by service management teams and by the Corporate Leadership Team. The associated risks are recorded in the revised Corporate Risk Register, which will be submitted to the Scrutiny & Audit Committee in September 2019. **Action 1**
- The council's Change Programme has been running since June 2017. It has delivered savings of £9.632m in 2018/19 and is on target to achieve a further £10.22m savings used in setting the 2019/20 balanced budget position. The Council Plan includes a full list of future Change Programme savings and areas of specific investment which will contribute to delivery of the council's priorities. The Change Programme projects are about transforming services by finding innovative and less expensive ways of providing services and, in some cases, reorganising and reducing the workforce. Very few change projects are expected to result in a reduction in service to customers. The most recent Change Programme update was considered by the Policy & Resources Committee on 27 August 2019. (Report 278/19)
- As the council changes, risk requires to be considered, addressed and reviewed continuously. A new Risk, Resilience & Safety Service has brought together all of the risk functions within the council and has strengthened the links with audit, governance and change. An updated Risk Management Strategy, approved by the Policy & Resources Committee in January 2019, presents a succinct overview of risk specifically aligned to the council's priorities and plans. An in-depth review of the corporate risk register has been undertaken and agreed by the Corporate Leadership Team on 6 August 2019. Work is also under way to re-invigorate the council's risk

management guidance documents to make them more accessible and user friendly. The updated risk register and guidance will be submitted to the Scrutiny & Audit Committee in September. **Action 1**

- Internal audit reviewed risk management arrangements during 2018/19 and concluded “Whilst there is still work to be done, the new arrangements are working well towards achieving the objectives for sharing and integrating risk priorities across the council whilst supporting services to be more accountable and responsible for all aspects of risk underpinning their business objectives. There was a potential risk during 2018/19 that the informal nature of some of the risk management arrangements, and particularly those relating to corporate risk identification, would lead to risks not being identified and addressed accordingly. Work to date in 2019/20 confirms that this risk did not occur.” (Internal Audit Annual report 2018/19)
- Within the Risk, Resilience and Safety Service, the Health & Safety Compliance Team holds the legal duty to provide advice and guidance to ensure that the council complies with its statutory duties to manage the health and safety of its employees and others affected by its activities. A corporate Health & Safety audit and gap analysis has been concluded, alongside a peer review. Both have identified similar themes and gaps. Consequently, a strategic action plan will be developed, outlining priorities and actions. This will be submitted to the Corporate Leadership Team in September. A full review and assessment is underway to consider the procurement of a digital solution for an overarching health and safety management system. This aligns with the assessment of the gaps which have been identified for action. **Action 2**
- Following an inspection within three schools by the Health and Safety Executive, a notice of contravention for asbestos management within those schools was served on the council in June 2019. A full action plan has been developed and implemented and accepted by the HSE.
- Business continuity plans have been fully reviewed and updated. This has included a full review of IT requirements and recovery time objectives. A priority timeline for IT requirements is being developed, based on recovery time objectives and criticality of service. The training and exercising plan is also being updated and will cover a three year period to reflect the priorities.
- All resilience plans have been reviewed. Updated versions are on ResilienceDirect and, where applicable, on the council website.
- The Scheme of Delegation to Officers, which forms part of the council's governance documents, was updated in May 2019. During 2018/19, work was undertaken to review and update any operational sub delegations required. Further work will be undertaken in 2019/20 to ensure that across the council these reflect the current management structure and are fully updated. **Action 3**
- A series of organisational design / zero based budgeting workshops took place during 2018/19. Information from the workshops is providing a base position to progress performance management and continuous improvement work. The Pentana performance management system is being refreshed to ensure that data and performance information is recorded in a purposeful and consistent manner across the organisation.
- A self-evaluation culture is being refreshed and extended across the council, using the “How Good Is Our Council” framework.
- As part of the Cyber Resilience Strategy for Scotland the Scottish Government directed that all Scottish local authorities should be Cyber Essentials accredited by October 2018. Angus Council achieved this compliance in April 2018 and was re-accredited in June 2019. The council is also PSN compliant.
- The Public Records (Scotland) Act 2011 (PRSA) requires authorities to prepare and implement a Records Management Plan (RMP). The RMP for Angus Council and Angus Licensing Board was approved by the Keeper of the Records of Scotland in March 2017. A Progress Update Review was submitted in September 2018. The PRSA Assessment Team's report, issued in January 2019, concluded that “Angus Council and Angus Licensing Board continue to take their statutory obligations seriously and are working hard to bring all the elements of their records management arrangements into full compliance with the Act and fulfil the Keeper's expectations.” The update review process identified that a lack of space may inhibit or prevent archive material from Angus Council being stored in the archive collection. Options to address this risk are being discussed with ANGUSalive. **Action 4**
- A small number of data protection breaches were reported to the Information Commissioner's Office (ICO). No formal action was taken by the ICO. 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 mandatory induction training. Staff must complete the data protection training annually.

- In recent years, the council has experienced a significant increase in the number of Freedom of Information requests. This has coincided with a reduction in staff numbers. In order to counteract this trend of increasing demand and reduced resources, officers have investigated ways in which the statutory processes of recording, monitoring and reporting can be streamlined. **Action Plan 5**
- The council operates the Scottish Public Service Ombudsman's complaints handling procedure for local authorities. During 2018/19, only 56.2% of stage 1 complaints and 46.8% of stage 2 complaints were closed within the target times set by SPSO guidance (5 working days for stage 1, 20 working days for stage 2). Further detail is included in report 267/19 to the Scrutiny & Audit Committee. **Action Plan 5**
- An internal audit review of Environmental Health considered the discharge of statutory duties and arrangements to deliver services for environmental protection and food safety. The audit identified that, in line with other Scottish local authorities, some aspects of statutory duties were not being discharged fully. The service actively manages this situation to minimise the risk exposure through their risk based approach to planning work. An action plan has been agreed with management to address all of the identified issues. Progress will be monitored by internal audit and reported to the Scrutiny & Audit Committee.
- An internal audit review of user access controls in the Resourcelink system provided only limited assurance that the controls are adequate. An action plan has been agreed with management to address all of the identified issues. Progress will be monitored by internal audit and reported to the Scrutiny & Audit Committee.
- 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 199/19). The report includes an action plan for 2019/20; progress will be monitored by the committee and reported as part of the 2019/20 self-assessment. **Action 6**
- The Scrutiny & Audit committee's scrutiny panel undertook a review of the processes undertaken in reaching the decision to introduce parking charges. A report on the panel's findings is currently being drafted. The report will be submitted to the Scrutiny & Audit Committee and then to Council.
- During 2018/19, two elected members were referred to the Standards Commission for Scotland for alleged contravention of the Councillors Code of Conduct. Additional training on the Code's requirements has been provided for elected members.
- The council's Equalities Mainstreaming Report 2019 was submitted to the Policy & Resources Committee on 30 April 2019, together with the Equality Outcomes (2019-21) and an update on the outcomes from 2017-19.
- A judicial review was instigated in respect of the decision of Council at its meeting on 7 February 2019 to demolish the former Lochside Leisure Centre in Forfar. The judicial review hearing took place on 18 July 2019. The decision has not as yet been received. An update will be provided once the court's decision is known. (report 93/19)
- The Heads of Terms for the Tay Cities deal was signed in November 2018. Governance arrangements for the Tay Cities Region Joint Committee were approved by Council in March 2019. Internal governance arrangements are in place to support this and the 2019/20 internal audit plan includes a review of the Tay Cities Deal, which will be undertaken in conjunction with the internal auditors of the partner councils. (report 89/19 and report 117/19 sch 2)
- A Brexit officer group was established in December 2017 and update reports have been submitted to the Policy and Resources Committee. (Reports 147/18, 22/19 and 273/19.) The Brexit information page on the council website signposts information available from other organisations, including the Scottish Government. The Business Angus website also provides information aimed at local businesses.

Some Directors have identified improvements to governance arrangements within their own service, 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.

Actions to address the improvement areas highlighted in this annual governance statement are detailed below. Progress will be reported to the Scrutiny & Audit Committee in January and June 2020.

2019/20 Action Plan

Area for improvement	Lead Officer	Planned completion date
1. The refreshed Corporate Risk Register and revised risk management guidance will be submitted to the Scrutiny and Audit Committee.	Manager Risk, Resilience & Safety	September 2019
2. We will develop and implement a strategic health & safety action plan to address the issues identified from the recent audit and gap analysis.	Manager Risk, Resilience & Safety	October 2019
3. Operational schemes of delegation across the council will be further reviewed and updated during 2019	Manager Governance, Risk & Scrutiny	December 2019
4. We will work with ANGUSalive to ensure adequate storage for archived documents.	Senior Practitioner Strategic Commissioning	March 2020
5. We will develop Firmstep to provide automatic recording, monitoring and reporting of Freedom of Information requests and complaints	Digital Manager	March 2020
6. We will monitor progress in completing the Scrutiny & Audit Committee action plan.	Manager Governance, Risk & Scrutiny	March 2020

2018/19 Action Plan update

2018/19 improvement action	Update at 31 August 2019
1. Operational schemes of delegation across the Council will be further reviewed and updated during 2018	2019/20 action plan item 3
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	A follow-up review was reported to the Scrutiny & Audit Committee in June 2019 (report 195/19). Completion of two related actions has been extended to 30 September 2019, because of links with other ongoing service reviews. Internal audit continue to monitor progress and report to the Scrutiny & Audit Committee.
3. Monitor progress in completing the Scrutiny & Audit Committee action plan	The action plan was discussed at the 2018/19 self-assessment workshop. An update and an action plan for 2019/20 are included in the 2018/19 Scrutiny & Audit Committee annual report (Report 199/19). 2019/20 action plan item 6
4. Revise the Risk Management Strategy and update the Corporate Risk Register	2019/20 action plan item 1
5. Monitor the developing governance framework of the IJB	An internal audit review of the Council's oversight of IJB was reported to the June S&A Committee (Report xxx-19). The review provides substantial assurance that the council has appropriate oversight of the IJB. No recommendations were made as further changes are already under consideration.
6. Procure a new internal audit co-source contract	The contract was awarded to Scott-Moncrieff.

Conclusion

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, on behalf of the Chief Executive, maintains an overview of all aspects of the council's governance framework and is focussed on ensuring that good standards of governance are maintained as the council works to fulfil its ambitions as set out in the Council Plan.

The council recognises the contribution effective governance makes to the stewardship of resources and the achievement of outcomes. The maintenance of effective governance arrangements is particularly important during times of change, as the organisation becomes leaner and adopts new ways of delivering services.

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
24 September 2019

Councillor David Fairweather
Leader of the Council
24 September 2019

Angus Council Remuneration Report 2018/19

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 2018/19 the salary for the Leader of Angus Council is £33,992. 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 (£25,494). 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 £276,172 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 2018/19 was for the Conveners of the "main" committees to have salaries of £22,943 and the Vice Conveners of the "main" committees to have salaries of £19,968.

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 14 June 2018, the minute of which is available under item 10 at:-

https://www.angus.gov.uk/media/minute_of_council_meeting_14_june_2018_0

Amendments to this were agreed at a meeting of the full Council on 7 February 2019, the minute of which is available under item 4 at:-

https://www.angus.gov.uk/media/minute_of_meeting_of_7_february_2019

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:-

https://www.angus.gov.uk/media/councillors_expenses_2018_2019

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, 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 2017/18 and 2018/19 of the posts which are classed as senior employees of the Council.

Table 1

Post	2018/19 Salary £	2017/18 Salary £
Senior Management – Angus Council		
Chief Executive	130,122	132,948
Strategic Director	113,961	112,361
Strategic Director	113,961	112,361
Head of Finance & Legal	93,994	92,394
Head of Legal & Democratic Services	0	92,394
Service Lead (Legal & Democratic Services) and Monitoring Officer for Legal	67,530	0
Head of Children, Families & Justice and Chief Social Work Officer	90,369	88,769
Head of Schools & Learning and Chief Education Officer	90,369	91,915

Subsidiary Body: Angus Alive		
Chief Executive	90,369	88,769

Notes

1. In 2017/18 the post holder of Head of Legal & Democratic Services was also the Council's Monitoring Officer for Legal, therefore the post of Service Lead (Legal & Democratic Services) was not included in the list of senior management for 2017/18.
2. In 2018/19 the Head of Corporate Finance and Head of Legal & Democratic Services were merged to become Head of Finance & Legal, therefore the post of Head of Legal & Democratic Services ceased to exist in 2018/19.

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 2017/18 and 2018/19 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 retirements and ex gratia payments. Exit costs from employee departures due to ill health retirements or departures are excluded, in accordance within The 2014 Regulations.

Table 2 below discloses the number of relevant exit packages agreed during 2018/19 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	
	2018/19	2017/18	2018/19 £	2017/18 £	2018/19 £	2017/18 £	2018/19 £	2017/18 £
Up to 20,000	26	74	172,915	619,289	26,794	83,717	199,709	703,006
20,001 – 40,000	11	27	132,614	276,547	166,638	523,587	299,252	800,134
40,001 – 60,000	2	12	0	103,989	104,870	467,216	104,870	571,205
60,001 – 80,000	4	4	60,200	69,145	213,883	191,948	274,083	261,093
80,001 – 100,000	0	6	0	102,812	0	451,106	0	553,918
100,001 – 150,000	2	6	37,447	73,322	197,766	683,980	235,213	757,302
150,001 – 200,000	3	5	47,246	80,298	438,447	758,255	485,693	838,553
200,001 – 300,000	1	0	30,000	0	234,164	0	264,164	0
300,001 – 400,000	1	2	30,000	53,952	315,501	627,451	345,501	681,403
Total	50	136	510,422	1,379,354	1,698,063	3,787,260	2,208,485	5,166,614

* included in these 2017/18 figures is £42,113 for 3 compulsory redundancy payments (2018/19 – nil).

** The Pension curtailment costs disclosed are calculated by the Council's Actuary. The 2017/18 figures have been restated to include the costs for 16 employees who left the Council on the 31st March 2018 whose costs were not previously disclosed as they were not included in the actuarial report. The costs for 1 employee who left the Council on 31st March 2019 are not disclosed in the 2018/19 figures 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 2018/19 and 2017/18 are shown in table 3 below:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2018/19	Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2017/18
Up to £21,300	5.50%	Up to £20,700	5.50%
Over £21,300 and up to £26,100	7.25%	Over £20,700 and up to £25,300	7.25%
Over £26,100 and up to £35,700	8.50%	Over £25,300 and up to £34,700	8.50%
Over £35,700 and up to £46,700	9.50%	Over £34,700 and up to £46,300	9.50%
Over £46,700	12.00%	Over £46,300	12.00%

Further information on the LGPS can be found at:-

The Scottish Public Pensions Agency (SPPA) website.

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.

Remuneration of Senior Councillors (1 April 2018 to 31 March 2019)

The following table provides details of the remuneration paid to Angus Council's councillors for senior roles only in 2018/19.

Table 4

2017/18 Salary, Fees & Allowances £	Responsibility (1 April – 31 March)	Senior Councillor	Notes	2018/19 Salary, Fees & Allowances £
17,948	Vice Convener of Scrutiny & Audit	B Duff	From 16/05/2017	19,968
20,546	Convener of Communities	C Fotheringham	To 13/06/2018	4,652
0	Convener Civic Licensing & Licensing Board	C Fotheringham	From 16/05/2017	18,291
20,546	Convener of Scrutiny & Audit	A King	From 16/05/2017	23,199
17,975	Depute Provost	C Brown	From 16/05/2017	22,340
0	Leader of the Council Convener of Policy & Resources	D Fairweather	From 14/06/2018 From 07/02/2018	27,100
20,573	Convener of Development Standards	D Lumgair	From 16/05/2017	22,943
20,546	Finance Spokesperson / Depute Leader of the Council / Vice Convener of Policy & Resources	A Macmillan Douglas	From 16/05/2017	22,943
17,948	Vice Convener Civic Licensing & Licensing Board	R Moore	From 16/05/2017	19,968
30,220	Leader of the Council / Convener of Policy & Resources	R Myles	From 16/05/2017 to 13/06/2018	6,892
17,948	Vice Convener of Development Standards	G Nicol	From 16/05/2017 to 24/06/2018	4,650
0	Convener Tayside Joint Valuation Board (Note 1)	G Nicol	From 25/06/2018	,16,298
22,799	Civic Head / Provost	R Proctor	From 16/05/2017	25,494
20,573	Convener of Children & Learning	M Salmond	From 16/05/2017 to 13/06/18	4,699
0	Convener of Communities	M Salmond	From 14/06/2018	18,475
17,948	Vice Convener of Communities	L Speed	From 16/05/2017 to 13/06/2018	4,048
0	Vice Convener of Children & Learning	L Speed	From 14/06/2018	15,920
20,546	Transformation & Growth Spokesperson	R Sturrock	From 16/05/2017	22,079

Angus Council – Annual Accounts for year ended 31st March 2019

2017/18 Salary, Fees & Allowances £	Responsibility (1 April – 31 March)	Senior Councillor	Notes	2018/19 Salary, Fees & Allowances £
17,948	Vice Convener of Children & Learning	D Wann	From 16/05/2017 to 13/06/2018	4,048
0	Convener of Children & Learning	D Wann	From 14/06/2018	18,292
0	Vice Convener of Communities	T Stewart	From 14/06/2018	15,920
0	Economic Development Spokesperson	B Davy	From 07/02/2019	2,899
284,064	TOTAL			341,118

Notes:

1. £4,462 of the remuneration relates to the councillor's responsibility as Convener of Tayside Valuation Board and this is paid by the Joint Board rather than the Council
2. Comparative figures for 2017/18 are only included for Councillors who held senior councillor positions as at 31 March 2019.

Remuneration of Senior Employees

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

Table 5

2017/18 Total Remuneration £	Post	Senior Employee	Note	2018/19 Salary, fees & allowances £	2018/19 Taxable Expenses £	2018/19 Total Remuneration £
128,218	Strategic Director / Chief Executive	M Williamson	1, 2 & 3	130,122	0	130,122
112,361	Strategic Director	M Armstrong	4	113,961	0	113,961
112,848	Strategic Director	A McKeown	5 & 6	113,961	1,713	115,674
92,394	Head of Finance & Legal	I Lorimer	7	93,994	0	93,994
0	Service Leader – Legal & Democratic Services and Monitoring Officer	L Dallas	9	67,530	0	67,530
88,769	Head of Children, Families & Justice and Chief Social Work Officer	K Lindsay		90,369	0	90,369
73,974	Head of Schools & Learning and Chief Education Officer	P Stephen	8	90,369	0	90,369
608,564				700,306	1,713	702,019
	Subsidiary Body: Angus Alive					
88,769		K Hunter		90,369	0	90,369

Notes:

1. Commenced Chief Executive post 01/06/2017 – previously held post of Strategic Director (Children & Learning) – remuneration above is a combination of both posts.
2. In 2017/18 the Salary, fees and allowances includes £2,996 relating to Returning Officer duty payments. There were no costs relating to this for 2018/19.
3. Strategic Director (Children & Learning) post deleted 31/05/2017.
4. Strategic Director: Resources to 31/05/2017, People from 01/06/2017.
5. Strategic Director: Communities to 31/05/2017, Place from 01/06/2017.
6. The £1,713 relates to car lease benefit.
7. Head of Corporate Finance and Head of Legal & Democratic Services were merged to become Head of Finance & Legal in 2018/19.
8. In 2017/18, senior employee in post from 01/06/2017.
9. In 2017/18 the post holder of Head of Legal & Democratic Services was also the Council's Monitoring Officer for Legal, therefore the post of Service Lead (Legal & Democratic Services) was not included in the list of senior management for 2017/18.

General Disclosure of Employees By Remuneration Band

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

Table 6

2017/18 LGE	2017/18 SNCT	2017/18 CO	2017/18 Total	Remuneration Band	2018/19 LGE	2018/19 SNCT	2018/19 CO	2018/19 Total
11	48	1	60	£50,000 - £54,999	26	40	0	66
6	24	3	33	£55,000 - £59,999	0	23	0	23
1	2	3	6	£60,000 - £64,999	8	1	0	9
1	2	2	5	£65,000 - £69,999	13	2	0	15
1	2	3	6	£70,000 - £74,999	0	1	0	1
4	4	2	10	£75,000 - £79,999	0	4	0	4
0	0	0	0	£80,000 - £84,999	0	2	1	3
3	0	4	7	£85,000 - £89,999	0	0	2	2
0	0	5	5	£90,000 - £94,999	0	0	5	5
0	0	0	0	£95,000 - £99,999	0	0	0	0
0	0	0	0	£100,000 - £104,999	0	0	0	0
0	0	0	0	£105,000 - £109,999	0	0	0	0
0	0	2	2	£110,000 - £114,999	0	0	1	1
0	0	1	1	£115,000 - £119,999	0	0	1	1
0	0	1	1	£120,000 - £124,999	0	0	0	0
0	0	0	0	£125,000 - £129,999	0	0	1	1
0	0	0	0	£130,000 - £134,999	0	0	0	0
0	0	0	0	£135,000 - £139,999	0	0	0	0
27	82	27	136	Total	47	73	11	131

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 2019 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. The 2017/18 figures span 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.

Table 7

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	Responsibility	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/19 £	Accrued Pension Benefit at 31/03/19 £000	Accrued Pension Benefit at 31/03/19 lump sum £000	Accrued Pension Benefit Movement from 31/03/18 £000	Accrued Pension Benefit Movement from 31/03/18 lump sum £000
2,964	Vice Convener of Scrutiny & Audit	B Duff	From 16/05/2017	3,394	3	0	1	0
3,406	Convener Civic Licensing Board / Convener of Communities	C Fotheringham	From 16/05/2017. Convener of Communities to 13/06/2018.	3,900	3	0	1	0
3,406	Convener of Scrutiny & Audit	A King	From 16/05/2017	3,900	7	2	1	0
2,964	Depute Provost	C Brown	From 16/05/2017	3,797	2	0	2	0
1,093	Councillor / Depute Leader / Vice Convener of Policy & Resources / Leader of the Council / Convener of Policy & Resources	D Fairweather	Depute Leader from 16/05/2017 to 10/09/2017. Councillor to 13/06/2018. Leader of Council from 14/06/2018 and Convener of Policy & Resources from 07/02/2019	4,607	4	2	1	0
0	Convener of Development Standards	D Lumgair	From 16/05/2017	0	0	0	0	0
3,406	Finance Spokesperson / Depute Leader of the Council / Vice Convener of Policy & Resources	A Macmillan Douglas	From 16/05/2017	3,900	1	0	1	0

Angus Council – Annual Accounts for year ended 31st March 2019

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	Responsibility	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/19 £	Accrued Pension Benefit at 31/03/19 £000	Accrued Pension Benefit at 31/03/19 lump sum £000	Accrued Pension Benefit Movement from 31/03/18 £000	Accrued Pension Benefit Movement from 31/03/18 lump sum £000
2,964	Vice Convener Civic Licensing & Licensing Board	R Moore	From 16/05/2017.	3,394	1	0	1	0
5,046	Leader of the Council / Convener of Policy & Resources	R Myles	To 13/06/2018.	1,171	5	2	0	0
2,964	Vice Convener of Development Standards / Convener of Tayside Valuation Joint Board	G Nicol	Vice Convener of Development Standards from 16/05/2017. Convener of Tayside Joint Board from 25/06/18.	3,561	1	0	1	0
3,784	Civic Head / Provost	R Proctor	From 16/05/2017.	4,334	4	0	1	0
2,590	Convener of Children & Learning / Convener of Communities	M Salmond	Convener of Children & Learning to 13/06/18. Convener of Communities from 14/06/2018.	3,900	1	0	1	0
2,964	Vice Convener of Communities / Vice Convener of Children & Learning	L Speed	Vice Convener of Communities from 16/05/2017 to 13/06/2018. Vice Convener of Children & Learning from 14/06/2018.	3,394	1	0	1	0
3,406	Transformation & Growth Spokesperson	R Sturrock	From 16/05/2017 to 06/02/2019.	3,334	1	0	1	0
2,964	Vice Convener of Children & Learning / Convener of Children & Learning	D Wann	Vice from 16/05/2017 to 13/06/2018. Convener from 14/06/2018.	3,109	1	0	1	0
43,921	Total			49,695	35	6	14	0

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2019 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.

Table 8

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/18 £	Post	Senior Employee	Note	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/19 £	Accrued Pension Benefit at 31/03/19 £000	Accrued Pension Benefit at 31/03/19 lump sum £000	Accrued Pension Benefit Movement from 31/03/18 £000	Accrued Pension Benefit Movement (lump sum) from 31/03/18 £000
20,447	Chief Executive/Strategic Director	M Williamson	1	21,281	62	4	5	0
18,998	Strategic Director – People	M Armstrong		19,373	38	53	3	1
18,998	Strategic Director – Place	A McKeown		19,373	41	61	3	1
15,707	Head of Corporate Finance/Head of Finance & Legal	I Lorimer	2	15,979	40	69	2	1
0	Service Lead (Legal & Democratic Services) and Monitoring Officer	L Dallas	3	11,347	21	27	N/A	N/A
14,801	Head of Children & Young People Services and Chief Social Work Officer	K Lindsay		14,782	25	28	2	0
12,601	Head of Schools & Learning and Chief Education Officer	P Stephen		15,363	9	0	2	0
101,552		Total		117,498	236	242	17	3
	Subsidiary Body: Angus Alive							
15,091	Chief Executive	K Hunter		15,362	6	0	2	0

- Notes:**
1. Chief Executive from 01/06/2017.
 2. Head of Corporate Finance and Head of Legal & Democratic Services were merged to become Head of Finance & Legal in 2018/19.
 3. From 01/04/2018.

Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. The relevant information relating to 2018/19 can be found in the table below.

	Central function employees	Education function employees
Trade union representatives	15	12
FTE trade union representatives	14.4	11.3
Percentage of working hours spent on facility time		
0% to 0.99% of working hours	4 representatives	4 representatives
1 to 50% of working hours	10 representatives	8 representatives
51 to 99% of working hours	0 representatives	0 representatives
100% of working hours	1 representative	0 representatives
Total pay bill and facility time costs		
Total pay bill	£24,121,189.39	£9,534,720.87
Total cost of facility time	£45,790.43	£45,815.74
Percentage of pay spent on facility time	0.19%	0.48%
Paid trade union activities		
Hours spent on paid facility time	2,434	2,038
Hours spent on paid trade union activities	216.5	101.5
Percentage of total paid facility time hours spent on paid TU activities	8.89%	4.98%

Audit Review

The following information in the Remuneration Report has been audited by Audit Scotland:-

Exit Packages – Page 27

Senior Councillor's Remuneration – Pages 29-30

Senior Employees' Remuneration – Page 31

Pay Bandings Information – Page 32

Pension Benefits Information for Senior Councillors – Pages 33-34

Pension Benefits Information for Senior Employees – Page 35

The other sections of the Remuneration Report have been reviewed by Audit Scotland to ensure that they are consistent with the financial statements and with the auditor's knowledge and are not otherwise misleading.

Margo Williamson
Chief Executive
24 September 2019

Councillor David Fairweather
Leader of the Council
24 September 2019

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 Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- I confirm that these Annual Accounts were approved for signature by the Scrutiny & Audit Committee at its meeting on the 24 September 2019.

Signed on behalf of Angus Council

Councillor David Fairweather
Leader of the Council
24 September 2019

The Director of Finance's Responsibilities

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

In preparing the Annual Accounts, the Director of Finance, has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation;
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Director of Finance has also:

- Kept adequate accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statement of accounts give a true and fair view of the financial position of the local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2019.

Ian Lorimer CPFA
Director of Finance
24 September 2019

Movement in Reserves Statement as at 31 March 2019

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	Renewal & Repair Fund	Capital Fund	Insurance Fund	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	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
<u>Movement in reserves during 2018/19</u>										
Surplus or (deficit) on provision of services	(16,451)	(1,519)	0	0	0	0	0	(17,970)	0	(17,970)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	9,030	9,030
Total Comprehensive Expenditure and Income	(16,451)	(1,519)	0	0	0	0	0	(17,970)	9,030	(8,940)
Adjustments between accounting & funding basis under regulations (Note 5)	20,581	875	2,494	100	0	(703)	0	23,347	(23,347)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	4,130	(644)	2,494	100	0	(703)	0	5,377	(14317)	(8,940)
Transfers to/from Earmarked Reserves (Note 6)	47	570	0	0	(584)	18	(51)	0	0	0
Increase/Decrease in Year	4,177	(74)	2,494	100	(584)	(685)	(51)	5,377	(14,317)	(8,940)
Balance at 31 March 2019 carried forward	31,371	4,211	3,299	1,524	2,319	1,521	1,346	45,591	453,966	499,557

Comprehensive Income and Expenditure Statement for the year 31 March 2019

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 and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2017/18 (restated)**				2018/19			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
			Strategic Policy, Transformation & Public Sector Reform				
205	0	205	Directorate	600	0	600	634
4,435	(1,599)	2,836	Strategic Policy & Economy	4,310	(2,204)	2,106	2,410
1,007	(13)	994	Governance & Change	1,215	(42)	1,173	1,318
345	0	345	Internal Audit	289	(2)	287	310
532	(202)	330	Risk, Resilience & Safety	463	(135)	328	321
			People				
2,997	(188)	2,809	Directorate	687	(95)	592	525
115,445	(5,881)	109,564	Schools & Learning	122,280	(8,079)	114,201	117,932
22,247	(1,786)	20,461	Children, Families & Justice	21,777	(1,834)	19,943	20,118
3,901	(139)	3,762	Digital Enablement, Information Technology, Human Resources & Business Support	4,717	(104)	4,613	5,148
			Place				
2,364	(999)	1,365	Directorate & Business Support	1,909	(889)	1,020	892
8,042	(493)	7,549	Services to Communities	7,675	(399)	7,276	7,182
60,061	(36,780)	23,281	Communities	57,028	(33,354)	23,674	23,946
28,679	(6,670)	22,009	Infrastructure Services	26,630	(4,912)	21,718	21,725
10,379	(2,169)	8,210	Finance & Legal	9,362	(2,190)	7,172	7,512
10,784	(6,563)	4,221	Other Services	16,062	(3,491)	12,571	13,083
1,324	(215)	1,109	Facilities Management	2,723	(21)	2,702	3,394
0	0	0	Corporate Items	463	(3,869)	(3,406)	2,430
692	0	692	Joint Boards	753	(33)	720	720
116,131	(70,064)	46,067	Adult Services*	119,234	(71,917)	47,317	47,507
389,570	(133,761)	255,809	General Fund Net Expenditure	398,177	(133,570)	264,607	277,107
30,225	(28,304)	1,921	Housing Revenue Account	31,510	(29,610)	1,900	2,422
419,795	(162,065)	257,730	Net Cost Of Services	429,687	(163,180)	266,507	279,529

2017/18 (restated)**			2018/19			
		Net Spend £000			Net Spend £000	
		5,590	Other Operating Expenditure – (Gain)Loss on disposal of non-current assets		982	
		21,334	Financing and Investment Expenditure (Note 7)		17,742	
		(260,238)	Taxation and Non-Specific Grant Income (Note 8)		(267,261)	
		24,416	Deficit on Provision of Services		17,970	
		(748)	(Surplus) or deficit on revaluation of non-current assets		(6,413)	
		(142,994)	Re-measurements of the net pensions liability		(2,617)	
		(143,742)	Other Comprehensive (Income)/Expenditure		(9,030)	
		(119,326)	Total Comprehensive (Income)/Expenditure		8,940	

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

** The 2017/18 figures have been restated to show the same service structure as the Corporate Monitoring reported to Policy & Resources Committee throughout 2018/19.

Balance Sheet as at 31 March 2019

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.

31/3/2018 £000		Notes	31/3/2019 £000
815,205	Property, Plant & Equipment	11	821,632
5,870	Heritage Assets	12	5,870
1,536	Investment Property		1,536
0	Intangible Assets		0
914	Assets Held for Sale		1,480
0	Long Term Investments		327
5,395	Long Term Debtors	13	4,702
828,920	Long Term Assets		835,547
46,227	Short Term Investments		60,764
345	Inventories		345
23,063	Short Term Debtors	14	22,464
4,926	Cash and Cash Equivalents	15	1,025
74,561	Current Assets		84,598
(12,183)	Short Term Borrowing		(8,811)
(47,882)	Short Term Creditors	16	(52,882)
(643)	Provisions		(400)
(60,708)	Current Liabilities		(62,093)
(148,261)	Long Term Borrowing	29	(145,069)
(71,507)	Pension Liability	21	(88,174)
(114,508)	Other Long Term Liabilities	31	(125,252)
(334,276)	Long Term Liabilities		(358,495)
508,497	Net Assets		499,557
40,214	Usable Reserves	6	45,591
468,283	Unusable Reserves	17	453,966
508,497	Total Reserves		499,557

The accounts were issued for audit on the 28 June 2019 and the audited accounts were authorised for issue by the Director of Finance on the 24 September 2019.

Ian Lorimer CPFA
Director of Finance
24 September 2019

Cash Flow Statement as at 31 March 2019

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.

31/3/2018 £000		31/3/2019 £000
(24,416)	Net Surplus/(Deficit) on the Provision of Services	(17,970)
	Adjustment for Non-Cash Movements	
41,640	Depreciation and Impairments	46,895
8,040	Non current asset adjustments	2,762
17,315	Retirement benefits	19,284
0	Net movement in stock	0
(259)	Net movement in debtors	446
4,236	Net movement in creditors and provisions	6,913
585	Other Internal accounts adjustments	(465)
71,557		75,835
	Adjustments for Items Shown Within Investing and Financing Activities	
(1,521)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,782)
(15,003)	Capital grants and contributions applied to capital financing	(18,764)
0	Other payments for financing activities (net contribution to/from NDR Pool)	0
(16,524)		(20,546)
30,617	Net Cash Inflows from Operating Activities *	37,319
(35,647)	Purchase of property, plant and equipment, investment property and intangible assets	(34,773)
(5,500)	Purchase of Short Term and Long Term Investments	(14,990)
1,363	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,061
15,053	Capital grants, receipts and contributions applied to capital financing	16,963
(24,731)	Net Cash Outflow from Investing Activities	(30,739)
0	Cash receipts of short and long-term borrowing	0
298	Cash repayments of short and long-term borrowing	(6,399)
(2,833)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,993)
(4,890)	Other payments/receipts for financing activities (net contribution to/from NDR Pool)	911
(7,425)	Net Cash In/(Outflows) from Financing Activities	(10,481)
(1,539)	Net Increase / (Decrease) in Cash and Cash Equivalents	(3,901)
6,465	Cash and Cash Equivalents at the Beginning of the Reporting Period	4,926
4,926	Cash and Cash Equivalents at the End of the Reporting Period	1,025

- The cash flows from operating activities in 2018/19 include interest received of £0.850m (2017/18, £0.453m) and interest paid of £17.567m (2017/18, £16.665m).

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 2018/19 financial year and its position at the year-end of 31 March 2019. 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 2018/19 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 2017/18 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 service structure reported within the monitoring reports throughout the year to Policy & Resources Committee.

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 Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

Post Employment Benefits

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

- a) The Scottish Teachers' Pension Scheme is administered by the Scottish Public Pensions Agency (SPPA); and
- b) The Local Government Pension 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 Scheme 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 AssetsLoans 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 29, 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 2019/20 Code:

- Annual Improvements to IFRS Standards 2014-2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty Over Income Tax Treatments;
- Amendments to IFRS 9 Financial Instruments: Prepayment Features With Negative Compensation,

The Code required implementation from 1 April 2019 and there is therefore no impact on the 2018/19 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.

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 uncertainty

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 2019 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.	<p>The effects on the net pension 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 £15.2 million.</p> <p>Although the effect on the net pension liability of changes in assumptions can be measured, the assumptions interact in complex ways. Movements in corporate bond yields and inflation can have a significant impact on the discount rate used to calculate pension liabilities. This in turn can have a substantial impact on the IAS19 balance sheet position. During 2018/19, the Council's actuaries advised that the net pension liability had increased by £16.667 million.</p>

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	30,167	12,693	0	0	0	(42,860)
Revaluation losses on property Plant and Equipment	3,053	0	0	0	0	(3,053)
Capital grants and Contributions applied	(16,474)	(2,290)	0	0	0	18,764
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	536	446	0	0	0	(982)
Statutory provision for the financing of capital investment	(12,690)	(2,187)	0	0	0	14,877
Capital expenditure charged against the General Fund and HRA balances - CFCR	(2,901)	(8,314)	0	0	0	11,215
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	2,494	0	0	(2,494)
Capital Receipts for leases	0	0	0	4	0	(4)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	96	(703)	607
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	18,757	527	0	0	0	(19,284)
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	277	0	0	0	0	(277)
Total Adjustments	20,581	875	2,494	100	(703)	(23,347)

Comparative Figures in 2017/18

	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)
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 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 2018/19.

	Opening Balance at 1/4/18 £000	Transfer Out 18/19 £000	Transfers In 18/19 £000	Closing Balance at 31/3/19 £000
<u>Usable Reserves</u>				
General Fund:	26,601	(4,956)	9,012	30,657
Car Parking Reserve	59	0	115	174
Arbroath Harbour Reserve	252	0	3	255
Specific Reserves	282	0	3	285
Sub Total General Fund	27,194	(4,956)	9,133	31,371
Housing Revenue Account	4,285	(1,423)	1,349	4,211
Total General Fund	31,479	(6,379)	10,482	35,582
Insurance Fund	1,397	(62)	11	1,346
Renewal and Repairs Fund	2,903	(610)	26	2,319
Capital Fund	2,206	(703)	18	1,521
Usable Capital Receipts	1,424	(43)	143	1,524
Capital Grants Unapplied	805	0	2,494	3,299
Total	40,214	(7,797)	13,174	45,591
<u>General Fund Commitments</u>				
Contingency Policy Level	4,000	0	0	4,000
Balances held by schools under a scheme of delegation	824	(824)	931	931
Ring Fenced Monies	6,893	(1,362)	1,986	7,517
Affordable Housing	2,424	(474)	865	2,815
100% Carry forwards	3,144	(1,402)	1,402	3,144
Budget Commitments	5,235	(5,235)	4,015	4,015
Change Fund	1,477	(600)	138	1,015
Total	23,997	(9,897)	9,337	23,437

Note 7 - Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
17,460	Interest payable and similar charges	17,457
5,176	Net Interest on the defined benefit liability	1,714
(669)	Interest receivable and similar income	(970)
(2)	(Income)/expenditure in relation to investment properties and changes in their fair value	(1)
(631)	Share of Tayside Contracts (Surplus)/Deficit	(459)
21,334	Total Expenditure	17,741

Note 8 - Taxation and Grant Incomes

2017/18 £000		2018/19 £000
	Revenue tax and grant income:	
(46,596)	Council tax income	(48,005)
(27,233)	Non domestic rates	(25,101)
(168,576)	Scottish Government Revenue Grants	(172,209)
(2,830)	Scotland's Schools for the Future	(3,182)
	Capital grants and contributions:	
(11,845)	Scottish Government General Capital Grant	(12,298)
(1,846)	Scottish Government Specific Capital Grants	(5,143)
(440)	Other capital grants	(1,200)
(872)	Other capital contributions	(123)
(260,238)	Total Income	(267,261)
	Credited to Services	
(27,397)	Housing Benefit Grants	(23,914)
(248)	Educational Maintenance Allowance Grant	(252)
(27)	Discretionary Housing Payments	(112)
(1,648)	Criminal Justice Social Work Grant	(1,730)
(450)	Early Learning and Childcare Grant	(1,325)
(2,113)	Pupil Equity Fund/Attainment Scotland Fund	(2,118)
(413)	Scottish Government General Capital Grant for Capital Expenditure on 3 rd Party Assets	(303)
(32,296)	Total	(29,754)

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.

Re-stated 2017/18				2018/19		
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
			Strategic Policy, Transformation & Public Sector Reform			
180	25	205	Directorate	486	114	600
2,240	596	2,836	Strategic Policy & Economy	1,271	835	2,106
994	0	994	Governance & Change	1,007	166	1,173
313	32	345	Internal Audit	238	49	287
306	24	330	Risk, Resilience & Safety	247	81	328
			People			
2,809	0	2,809	Directorate	497	95	592
95,444	14,120	109,564	Schools & Learning	97,106	17,095	114,201
18,529	1,932	20,461	Children, Families & Justice	17,572	2,371	19,943
1,908	1,854	3,762	Digital Enablement, Information Technology, Human Resources & Business Support	3,142	1,471	4,613
			Place			
1,166	199	1,365	Directorate & Business Support	768	252	1,020
5,234	2,315	7,549	Services to Communities	4,548	2,728	7,276
18,545	4,736	23,281	Communities	16,995	6,679	23,674
11,571	10,438	22,009	Infrastructure Services	10,604	11,114	21,718
7,120	1,090	8,210	Finance & Legal	5,525	1,647	7,172
754	355	1,109	Facilities Management	1,957	745	2,702
0	0	0	Corporate Items	(3,406)	0	(3,406)
4,104	117	4,221	Other Services	12,451	120	12,571
42,901	3,166	46,067	Adult Services	42,259	5,058	47,317
692	0	692	Joint Boards	720	0	720
214,810	40,999	255,809	General Fund Net Expenditure	213,987	50,620	264,607

Re-stated 2017/18				2018/19		
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
(11,027)	12,948	1,921	Housing Revenue Account (HRA)	(11,240)	13,140	1,900
203,783	53,947	257,730	Net Cost of Services	202,747	63,760	266,507
(238,904)	5,590	(233,314)	Other (Income)/Expenditure	(249,519)	982	(248,537)
(35,121)	59,537	24,416	(Surplus) or Deficit on Provision of Services	(46,772)	64,742	17,970
(108,135)	(35,607)	(143,742)	Other Comprehensive (Income)/Expenditure	32,365	(41,395)	(9,030)
(143,256)	23,930	(119,326)	Total Comprehensive (Income)/Expenditure	(14,407)	23,347	8,940

2017/18		2018/19		
Total General Fund and HRA £000		General Fund £000	HRA £000	Total General Fund and HRA £000
31,187	Opening General Fund and HRA Balance	27,194	4,285	31,479
(24,416)	Less/Plus Surplus or Deficit on Provision of Services	(16,451)	(1,519)	(17,970)
24,708	Transfer to/from Other Reserves	20,628	1,445	22,073
31,479	Closing General Fund and HRA Balance	31,371	4,211	35,582

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

2018/19				
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
Strategic Policy Transformation & Public Sector Reform				
Directorate	0	114	0	114
Strategic Policy & Economy	432	403	0	835
Governance & Change	0	166	0	166
Internal Audit	0	49	0	49
Risk, Resilience & Safety	0	81	0	81
People				
Directorate	0	95	0	95
Schools & Learning	13,847	2,972	277	17,096
Children, Families & Justice	107	2,264	0	2,371
Digital Enablement, Information Technology, Human Resources and Business Support	759	712	0	1,471
Place				
Directorate & Business Support	0	252	0	252
Services to Communities	2,669	59	0	2,728
Communities	3,862	2,817	0	6,679
Infrastructure Services	9,887	1,227	0	11,114
Finance & Legal	21	1,626	0	1,647
Facilities Management				
Corporate Items	0	0	0	0
Other Services	106	13	0	119
Adult Services	824	4,234	0	5,058
Total Angus Council Directorates	33,219	17,124	277	50,620

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
Tayside Joint Valuation Board	0	0	0	0
General Fund Net Expenditure	33,219	17,124	277	50,620
Housing Revenue Account (HRA)	12,694	446	0	13,140
Net Cost of Services	45,913	17,570	277	63,760
Other Income & Expenditure	982	1,714	(43,109)	(40,413)
Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service	46,895	19,284	(42,832)	23,347

2017/18 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
Strategic Policy, Transformation & Public Sector Reform				
Directorate	0	25	0	25
Strategic Policy & Economy	423	173	0	596
Governance & Change	0	0	0	0
Internal Audit	0	32	0	32
Risk, Resilience & Safety	0	24	0	24
People				
Directorate	0	0	0	0
Schools & Learning	11,605	2,360	155	14,120
Children, Families & Justice	77	1,855	0	1,932
Digital Enablement, Information Technology, Human Resources and Business Support	1,327	527	0	1,854
Place				
Directorate & Business Support	0	199	0	199
Services to Communities	2,282	33	0	2,315
Communities	2,875	1,861	0	4,736
Infrastructure Services	9,726	712	0	10,438
Finance	21	1,069	0	1,090
Facilities Management	261	94	0	355
Corporate Items	0	0	0	0
Other Services	102	15	0	117
Adult Services	403	2,763	0	3,166
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

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:

2017/18 £000		2018/19 £000
241	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	245
3	ACCT Audit Fee borne by Angus Council	3
3	Robert & William Strang Mortification	0

Note 11 - Property, Plant and Equipment
Movements in 2018/19

	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 2018	340,271	374,571	48,075	266,764	5,414	375	12,721	1,048,191	144,709
Additions	5,741	5,476	5,107	8,562	191	0	24,177	49,254	16,043
Revaluation increases/ (decreases) recognised in the RRA	0	(192)	0	0	0	0	0	(192)	(1,995)
Revaluation increases/ (decreases) recognised in the NCS	0	(4,266)	0	0	0	0	0	(4,266)	0
Disposals /Demolitions	(650)	(2,649)	(823)	0	0	0	0	(4,122)	0
Reclassified Assets	3,673	15,734	0	0	0	5,399	(24,806)	0	0
Reclassified as Assets Held for Sale	0	(565)	0	0	0	0	0	(565)	0
31 March 2019	349,035	388,109	52,359	275,326	5,605	5,774	12,092	1,088,300	158,757
Accumulated Depreciation and impairment									
1 April 2018	(36,356)	(37,126)	(35,592)	(123,367)	(537)	(7)	0	(232,985)	(30,898)
Depreciation charge	(12,656)	(16,893)	(3,167)	(10,110)	(33)	(1)	0	(42,860)	(4,907)
Revaluation Losses/Gains	0	7,818	0	0	0	0	0	7,818	0
Disposals/ Demolitions	65	614	681	0	0	0	0	1,360	0
Reclassified Assets	672	61	0	0	0	(733)	0	0	0
Other movements	0	0	0	0	0	(1)	0	(1)	0
31 March 2019	(48,275)	(45,526)	(38,078)	(133,477)	(570)	(742)	0	(266,668)	(35,805)
Net Book Value									
31 March 2018	303,915	337,445	12,483	143,397	4,877	368	12,721	815,205	113,811
31 March 2019	300,760	342,583	14,281	141,849	5,035	5,032	12,092	821,632	122,952

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

Comparative 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	PFI 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 – Forfar Community Campus	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	4	0	0	0	0	0	4	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

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 2018/19 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2018/19 is the final year of the current programme and valuations for 2018/19 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 2018/19 were Public Conveniences, Sports Centres, Community Centres and Residential and Care Homes. A new 5 year valuation plan will be agreed with Property Asset colleagues and the External Valuer. 2019/20 will be the year for a beacon valuation approach of the Council Dwellings, therefore other valuations will be limited.

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 2018	5,070	700	100	5,870
Valuation at 31 March 2019	5,070	700	100	5,870

The valuations disclosed in the balance sheet are based on the assessments prepared for Insurance purposes, 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 2018/19 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 2019 £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

2017/18 £000		2018/19 £000
214	Housing Advances	202
4,667	Police Scotland Loan	4,064
154	Leases	130
331	Common Good	301
29	Empty Homes Initiative	5
5,395	Total Long Term Debtors	4,702

Note 14 – Short Term Debtors

2017/18 £000		2018/19 £000
8,908	Central Government bodies	8,401
12,094	Other Miscellaneous, Other Entities & Individuals	11,895
488	Other Local Authorities	922
1,573	NHS Bodies	1,246
23,063	Total Short Term Debtors	22,464

Note 15 - Cash and Cash Equivalents

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

2017/18 £000		2018/19 £000
36	Cash held by the Council	36
(343)	Bank Overdraft	(380)
5,233	Cash Investments	1,369
4,926	Total Cash and Cash Equivalents	1,025

Note 16 – Short Term Creditors

2017/18 £000		2018/19 £000
(4,183)	Central Government Bodies	(5,550)
(35,155)	Other Miscellaneous, Other Entities & Individuals	(37,798)
(8,167)	Other Local Authorities	(8,959)
(377)	NHS Bodies	(575)
(47,882)	Total Short Term Creditors	(52,882)

Note 17 - Unusable Reserves

31 March 2018 £000		31 March 2019 £000
119,230	Revaluation Reserve Account	123,484
426,608	Capital Adjustment Account	424,837
(1,213)	Financial Instruments Adjustment Account	(1,069)
(71,507)	Pensions Reserve	(88,174)
(4,835)	Accumulated Absences Account	(5,112)
468,283	Total Unusable Reserves	453,966

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.

2017/18 £000		2018/19 £000
121,554	Balance at 1 April	119,230
2,001	Upward revaluation of assets	7,610
(1,253)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,198)
(3,072)	Difference between fair value depreciation and historical cost depreciation	(2,158)
119,230	Balance at 31 March	123,484

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.

2017/18 £000		2018/19 £000
430,141	Balance at 1 April	426,608
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(41,035)	Charges for depreciation and impairment of non-current assets	(45,913)
(558)	Revaluation gain/losses on Property, Plant and Equipment	(982)
(47)	Amortisation of intangible assets	0
	Revenue expenditure funded from capital under statute	
(5,590)	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	0
3,072	Adjusting amounts written out of the Revaluation Reserve	2,158
	Capital financing applied in the year:	

2017/18 £000		2018/19 £000
552	Use of the Capital Receipts Reserve to finance new capital expenditure	746
0	Unapplied Capital Receipts	(139)
(4)	Capital receipt for finance lease	(4)
14,393	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	16,270
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
12,631	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	14,877
13,054	Capital expenditure charged against the General Fund and HRA balances	11,215
(1)	Other Adjustment	1
426,608	Balance at 31 March	424,837

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 2019 will be charged to the General Fund over the next 7 years.

2017/18 £000		2018/19 £000
(1,357)	Balance at 1 April	(1,213)
138	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	144
6	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	0
(1,213)	Balance at 31 March	(1,069)

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.

2017/18 £000		2018/19 £000
(197,186)	Balance at 1 April	(71,507)
142,994	Re-measurement of net pensions liability	2,617
(17,315)	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	(19,284)
(71,507)	Balance at 31 March	(88,174)

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.

2017/18 £000		2018/19 £000
(4,740)	Balance at 1 April	(4,835)
(155)	Amounts accrued at the end of the current year	(277)
60	Write off Flexi time accrual	0
(4,835)	Balance at 31 March	(5,112)

Note 18 - Termination Benefits

The Council terminated the contracts of a number of employees in 2018/19 incurring liabilities of £1.036m (£1.987m in 2017/18). Further detail is provided in the Remuneration Report at the start of these Accounts.

Note 19 – Councillor Remuneration, Allowances and Expenses

2017/18 £000		2018/19 £000
556	Remuneration	563
1	Allowances	2
47	Expenses	57
604	Total	622

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 2018/19, the employer's rate of contribution was 17.2% and the amount paid over in respect of employer's contributions was £7.439m (£7.287m in 2017/18, 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 2018/19 the council paid employer contributions totalling £11.069m (£11.123m in 2017/18) 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 2018/19, the council paid £2.006m representing 1.9% of pensionable pay in unfunded discretionary benefits (£2.954m representing 2.7% in 2017/18). 27 awards were made in 2018/19 amounting to £1.036m (£1.986m in 2017/18) in respect of employees leaving the council. This £2.006 million is in addition to the employer contributions of £7.439 million and £11.069 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 2019 there was a Pension Liability of £88.174 million with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2019 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 2019 there would have

been a shortfall of some £88.174 million. The Pension Liability of £88.174million compares with £71.507 million for the previous year – an unfavourable movement of £16.667 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.

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 2018 £000	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2019 £000
26,031	Service cost	30,354
198	Administration expenses	291
	Financing and Investment Income and Expenditure	
5,163	Net interest on the defined liability //(asset)	1,714
31,392	Total Recognised in the Comprehensive Income & Expenditure Account	32,359
	The amounts recognised in the Movement on Reserves Statement:-	
(17,315)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(19,284)
14,077	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	13,075
11,123	Employer's contributions payable to scheme	11,069
2,954	Retirement benefits payable to pensioners	2,006

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 2019 £000	31 Mar 2018 £000	31 Mar 2017 £000
Present value of the defined benefit obligation	763,011	720,259	794,221
Fair Value of plan assets	(685,796)	(660,585)	(611,460)
Sub-Total	77,215	59,674	182,761
Present value of unfunded obligation	10,959	11,833	14,425
Net liability arising from defined benefit obligation	88,174	71,507	197,186

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

Year to 31 March 2018 £000		Year to 31 March 2019 £000
808,646	Opening Balance at 1 April	732,092
23,800	Current service cost	22,467
21,652	Interest cost	18,492
(37,081)	Actuarial gains/losses arising from changes in financial assumptions	36,889
(44,410)	Actuarial gains/losses arising from change in demographic assumptions	(25,053)
(27,130)	Experience loss/(gain) on defined benefit obligation	0
(18,768)	Estimated benefits paid net of transfers in	(21,834)
2,231	Past service costs, including curtailments	7,887
4,119	Contributions by Scheme participants and other employers	4,001
(967)	Unfunded pension payments	(971)
732,092	Closing Balance at 31 March	773,970

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

Year to 31 March 2018 £000		Year to 31 March 2019 £000
611,460	Opening Balance at 1 April	660,585
16,489	Interest on assets	16,778
17,084	Return on assets less interest	14,031
17,289	Other actuarial gains/(losses)	0
(198)	Administration expenses	(291)
14,077	Contributions by employer including unfunded	*13,497
4,119	Contributions by Scheme participants and other employers	4,001
(19,735)	Estimated benefits paid plus unfunded net of transfers in	(22,805)
660,585	Closing Balance at 31 March	685,796

- Please note that the £13.497 million above is an estimated amount used by the Actuary in the preparation of the IAS 19 report and the actual amount of £13.075 million has been reflected through the CIES. This produces a difference of £0.422 million which is due to timing differences of when they collate data for the preparation of the Actuarial report.

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 2019 %
Equities	
Consumer	10.1
Manufacturing	3.3
Energy & Utilities	4.9
Financial Institutions	12.5
Health and Care	5.9
Information Technology	6.5
Others	14.3
Debt Securities	
Corporate Bonds (investment grade)	11.8
Corporate Bonds (non-investment grade)	0.0
UK Government	1.1
Others	1.2
Private Equity	
All	0.0
Real Estate	
UK Property	12.4
Overseas Property	0.0
Investment Fund Unit Trusts	
Equities	11.6
Bonds	2.3
Hedge Funds	0.0
Commodities	0.0
Infrastructure	0.0
Others	0.0
Derivatives	
Inflation	0.0
Interest Rate	0.0
Foreign Exchange	0.2
Others	0.0
Other Investment Funds	
Venture Capital/Partnerships	
Derivatives	
Cash and Cash Equivalents	
All	1.7
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 2019 % Quoted	28 February 2019 % Unquoted
Fixed Interest Government Securities		
UK	1.1	0.0
Overseas	0.4	0.0
Corporate Bonds		
UK	4.1	2.3
Overseas	8.6	0.0
Equities		
UK	17.3	0.0
Overseas	40.6	11.1
Property		
All	12.5	0.0
Others		
Infrastructure	0.0	0.0
Derivatives	0.2	0.0
Cash/Temporary Investments	1.7	0.0
Net Current Assets		
Debtors	0.4	0.0
Creditors	(0.4)	0.0
TOTAL	86.5%	13.4%

The estimated asset breakdown for Angus Council as at 31 March 2019 is as follows:

31 March 2018 £000	31 March 2018 %	Asset Breakdown	31 March 2019 £000	31 March 2019 %
456,559	69%	Equities	473,713	69%
35,023	5%	Gilts	9,820	1%
76,478	12%	Other Bonds	102,898	15%
77,847	12%	Property	85,614	13%
14,596	2%	Cash	12,116	2%
82	0	Alternatives	1,635	0%
660,585	100%	TOTAL	685,796	100%

Re-measurements in Other Comprehensive Income

Year to 31 March 2018 £000	Re-measurement of the net assets/(defined liability)	Year to 31 March 2019 £000
17,071	Return on Fund assets in excess of interest	14,031
17,291	Other actuarial gains/(losses) on assets	0
37,081	Change in financial assumptions	(36,889)
44,410	Change in demographic assumptions	25,053
27,130	Experience gain/(loss) on defined benefit obligation	0
142,983	Re-measurements of the net assets/(defined liability)	2,195

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 2017/18		Local Government Pension Scheme 2018/19
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
20.3	Men	19.6
22.2	Women	21.6
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
22.1	Men	21.3
24.1	Women	23.4
3.3%	Rate of Inflation - Retail Price Index	3.40%
2.3%	Rate of Inflation - Consumer Prices Index	2.40%
3.30%	Rate of increase in salaries	3.40%
2.55%	Rate for discounting scheme liabilities	2.40%
2.30%	Pension Increases	2.40%

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)	27,696	(26,736)
Rate of increase in salaries (increase or decrease by 0.1%)	2,424	(2,402)
Rate of increase in pensions (increase or decrease by 0.1%)	13,169	(12,896)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,284)	15,608

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 2020 are as follows:-

Projections for the year to 31 March 2020	Year to 31 March 2020 £000
Service Cost	24,005
Net Interest on the defined liability (asset)	1,974
Administration expenses	302
Total	26,281
Employer Contributions	10,945

Note 22 - 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 2018/19 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 Integration 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 – 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 pays all charges and recharges on behalf of Angus Council;
- Angus Environmental Trust (AET) – prior to change in legislation, the Trust received contributions from the council as a Landfill Operator in lieu of part of our liability for Landfill Tax. The Trust used these to fund environmental projects. The Trust is deemed to be significantly influenced by the Council through its representation on the Trust Board. The Trust was dissolved on 2nd July 2019;
- ANGUSalive 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 ANGUSalive. 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 7 local authorities, each of whom pays an annual contribution. The hosting of the secretariat moved from Angus Council to Dundee City Council during 2018/19 together with Chairing of the ESEC Board. 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:

2017/18 Expenditure £000	2017/18 Income £000		2018/19 Expenditure £000	2018/19 Income £000
		Other Public Bodies		
58,708	58,708	Angus Integration Joint Board	58,662	58,662
692	0	Valuation Board – Requisition	720	0
0	631	Tayside Contracts – Share of Surplus and associated interest	0	490
22,466	0	Tayside Contracts – Contracts undertaken	22,516	0
639	250	Dundee City Council – DERL waste processing	0	0
1,893	0	Dundee City Council – Angus Council payment for MEB waste processing	5,947	250
0	5,887	NHS Tayside - Resource transfer	0	5,887
11,298	0	STPS – Scottish Teachers Pension Scheme	11,447	0
		Entities Controlled or Significantly Influenced by Angus Council		
		Angus Alive		
6,431	141	Contributions to/from company	5,077	276
		Angus Community Care Charitable Trust		
67	0	Contribution due to Trust	45	0
552	0	Amounts due to Trust (rental income)	516	0
0	460	Amounts due from Trust	0	381
		Angus Environmental Trust		
71	0	Landfill Tax Credit	1	0
		Angus Care & Repair		
22	0	HRA	20	0
392	0	People	353	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	2
		Tayside Procurement Consortium		
80	0	Contribution due to the Consortium	88	0
		Voluntary Action Angus (VAA)		
337	0	Contributions	265	0
		Citizens Advice Bureau		
136	0	Contributions	136	0
103,791	66,080	Total	105,800	65,948

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.

2017/18 Creditors £000	2017/18 Debtors £000		2018/19 Creditors £000	2018/19 Debtors £000
		Other Public Bodies		
962	0	Angus Integration Joint Board	2,544	0
0	83	Valuation Board – Requisition	0	0
631	0	Tayside Contracts – Share of Surplus and associated interest	490	0
4,220	0	Tayside Contracts – Contracts undertaken	3,790	0
469	0	Dundee City Council – Angus Council payment for MEB waste processing	527	261
957	0	STPS – Scottish Teachers Pension Scheme	955	0
		Entities Controlled or Significantly Influenced by Angus Council		
		Angus Alive		
5	590	Contribution from/to company	255	126
		Angus Community Care Charitable Trust		
13	0	Amounts due to Trust (rental income)	96	0
0	104	Amounts due from Trust	0	26
		Angus Care & Repair		
0	0	People	0	0
		Tayside Procurement Consortium		
20	0	Contribution due to the Consortium	24	0
7,277	777	Total	8,681	413

Note 23- PFI / PPP and Similar Contracts

Angus Council has entered into five 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. 2018/19 was the 14th 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 2018/19.

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. 2018/19 was effectively the 14th 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 2018/19.

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 2018/19 was therefore the 12th 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 2018/19.

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. 2018/19 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 2018/19.

Arbroath Schools

The Council entered into a 25 year contract to facilitate replacement of Ladyloan PS and Muirfield PS in Arbroath. The total works value was some £15.1m and both facilities became operational on 17 December 2018. The operational contract is due to conclude in financial year 2043/44. 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 2018/19 in the period following the opening of the facilities.

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 28 Financial Instruments.

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	E Arbroath Schools £000	Totals £000
Liability at 31 March 2018	40,747	1,327	37,150	32,758	0	111,982
Additions	0	0	0	0	15,112	15,112
Repayment of liability for year	(1,620)	(31)	(659)	(773)	(77)	(3,160)
Liability at 31 March 2019	39,127	1,296	36,491	31,985	15,035	123,934
Fair value of liability at 31 March 2019	49,038	1,502	54,142	45,932	20,648	171,262

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 5 PPP and similar contracts at 31 March 2019 (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	E Arbroath Schools £000	Totals £000
Payments due within 1 year (2019/20)						
Repayment of liability	749	34	728	823	178	2,512
Finance costs	4,239	184	2,953	2,134	821	10,331

	A A92 Dual Carriageway	B Beech Hill House	C Forfar/ Carnoustie Schools	D Forfar Community Campus	E Arbroath Schools	Totals
	£000	£000	£000	£000	£000	£000
Service charges (inc. life cycle replacement costs)	2,588	193	2,668	346	180	5,975
Total payments due within 1 year	7,576	411	6,349	3,303	1,179	18,818
Payments due within 2 to 5 years (2020/21 to 2023/24)						
Repayment of liability	5,926	382	3,825	3,811	1,690	15,634
Finance costs	18,794	822	11,295	8,028	3,139	42,078
Service charges (inc. life cycle replacement costs)	7,540	547	11,255	1,548	844	21,734
Total payments due within 2 to 5 years	32,260	1,751	26,375	13,387	5,673	79,446
Payments due within 6 to 10 years (2024/25 to 2028/29)						
Repayment of liability	10,974	689	8,119	5,048	2,431	27,261
Finance costs	25,020	1,015	12,592	8,415	3,395	50,437
Service charges (inc. life cycle replacement costs)	9,078	743	14,568	3,694	1,463	29,546
Total payments due within 6 to 10 years	45,072	2,447	35,279	17,157	7,289	107,244
Payments due within 11 to 15 years (2029/30 to 2033/34)						
Repayment of liability	17,119	191	11,335	6,668	2,938	38,251
Finance costs	26,112	200	8,495	6,458	2,699	43,964
Service charges (inc. life cycle replacement costs)	7,768	136	18,202	4,558	1,901	32,565
Total payments due within 11 to 15 years	50,999	527	38,032	17,684	7,538	114,780
Payments due within 16 to 20 years (2034/35 to 2038/39)						
Repayment of liability	4,359	0	12,484	9,115	3,633	29,591
Finance costs	5,474	0	3,361	3,897	1,816	14,548
Service charges (inc. life cycle replacement costs)	6,766	0	14,222	5,271	2,370	28,629
Total payments due within 16 to 20 years	16,599	0	30,067	18,283	7,819	72,768
Payments due within 21 to 25 years (2039/40 to 2043/44)						
Repayment of liability	0	0	0	6,520	4,165	10,685
Finance costs	0	0	0	738	649	1,387
Service charges (inc. life cycle replacement costs)	0	0	0	3,479	2,817	6,296
Total Payments due within 21 to 25 years	0	0	0	10,737	7,631	18,368

	A A92 Dual Carriageway	B Beech Hill House	C Forfar/ Carnoustie Schools	D Forfar Community Campus	E Arbroath Schools	Totals
	£000	£000	£000	£000	£000	£000
Total Payments Due						
Repayment of liability	39,127	1,296	36,491	31,985	15,035	123,934
Finance Costs	79,639	2,221	38,696	29,670	12,519	162,745
Service charges (incl. life cycle replacement costs)	33,740	1,619	60,915	18,896	9,575	124,745
Total Payments Due	152,506	5,136	136,102	80,551	37,129	411,424

Note 24 - Leases**Council as Lessee - Finance Leases**

The Council has acquired 3 buildings under finance leases.

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

31 March 2018 £000		31 March 2019 £000
7,119	Other Land and Buildings	5,539

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 2018 £000		31 March 2019 £000
	Finance lease liabilities:	
1,833	Current	1,778
5,028	Non-current	3,248
467	Finance costs payable in future years	401
7,328	Minimum lease payments	5,427

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 2018 £000	31 March 2018 £000		31 March 2019 £000	31 March 2019 £000
1,900	1,833	No later than one year	1,889	1,778
5,082	4,779	Later than one year and not later than five years	3,235	3,027
346	249	Later than five years	303	221
7,328	6,861	Totals	5,427	5,026

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.

With regard to the contractual arrangements of the residual waste treatment plant in partnership with Dundee City Council, a further £36.8m of lease asset will fall to Angus Council once the full plant comes on

stream in 2020/21 with a commitment to a further £55m in finance lease payments over the remaining life of the lease agreement (2021/22 to 2045/46).

Operating Leases

The Council is currently not entered into any operating leases.

Council as Lessor - Finance Leases

The Council has leased out 3 properties as 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 2018 £000		31 March 2019 £000
	Finance lease debtors:	
3	Current	4
8	Non-current	4
46	Unearned finance income	36
125	Unguaranteed residual values	125
182	Gross Investment in the Lease	169

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

Gross Investment 31 March 2018 £000	Minimum Lease Payments 31 March 2018 £000		Gross Investment 31 March 2019 £000	Minimum Lease Payments 31 March 2019 £000
13	13	No later than one year	13	13
169	44	Later than one year and not later than five years	156	30
182	57	Totals	169	43

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 25 - Capital Commitments

As at 31 March 2019, 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 £65.066 million (gross). Similar commitments at 31 March 2018 were £65.184 million (gross). The major commitments (on a gross basis) include:

- Angus on the Go – Integrated Transport Hub (£0.450 million);
- Restenneth Landfill Site Phase 3b Capping (£0.577 million);
- Software Licencing Core Components (£0.560 million);
- Integration of Libraries / ACCESS Service (£2.702 million);
- Arbroath Schools Project – Phases 2 & 3a (£10.193 million);

- Arbroath Flood Strategy - Brothock Burn / Seawall (£10.138 million);
- Provision of New Council Affordable Housing (£30.358 million);
- Council House Heating Replacements (£3.690 million);
- Council House Kitchen Replacements (£3.168 million);
- Housing Aids & Adaptations (£1.980 million);
- Footpath Resurfacing (£1.250 million).

Note 26 - Construction Contracts

At 31 March 2019 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 2018.

Note 27 - 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.

2017/18 (Restated) £000	Movement in Year	2018/19 £000
283,372	Opening Capital Financing Requirement	282,863
	Capital Investment:	
43,214	Property, Plant and Equipment	49,421
	Sources of Finance:	
(181)	Capital Receipts	(1,639)
(16,665)	Government Grants and other Contributions	(16,479)
	Sums set aside from revenue:	
(13,601)	Direct revenue contributions	(12,085)
(10,128)	Loans Fund Principal	(10,520)
(3,148)	Repayment of Liability – Finance Lease / PFI & PPP	(4,992)
282,863	Closing Capital Financing Requirement	286,569
	Explanation of Movements in year	
(3,606)	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	(6,615)
(555)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	201
6,467	Movement in liability of assets acquired under finance leases	(1,833)
(2,815)	Movement in liability of assets acquired under PFI/PPP contracts	11,953
(509)	Increase/(Decrease) in Capital Financing Requirement	3,706

The restated 2017/18 figures reflect 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.

Capital Expenditure on Services

2017/18 (Restated) Actual £000		2018/19 Actual £000	2018/19 Budget £000
	CAPITAL EXPENDITURE ON SERVICES		
	Strategic Policy, Transformation & Public Sector Reform		
1,822	Strategic Policy & Economy Place	282	974
12,763	Housing Revenue Account	10,772	14,815
814	Planning & Communities	43	253
2,657	Environmental Services	2,647	3,891
2,725	Property Asset	2,884	3,192
10,251	Roads & Transportation People	8,529	9,631
2,923	Schools & Learning	5,806	6,559
580	Information Technology	1,386	1,463
297	Angus Integration Joint Board	155	158
1,002	Angus Alive	1,014	1,264
35,834	Total Capital Expenditure	33,518	42,200
	Financing of Capital Expenditure		
2,454	Sale of Assets	1,640	1,971
14,393	Government Grants & Other Contributions	16,478	16,787
12,474	Contribution from Revenue	10,591	11,089
547	Local Capital Fund	703	760
5,966	Advances from Loans Fund	4,106	11,593
35,834	Total Capital Financing	33,518	42,200

The restated 2017/18 figures reflect council structure changes.

The Council did not capitalise any borrowing costs during 2018/19.

Note 28 - 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

Under IFRS9 (implemented with effect from 1 April 2018) financial assets are now classified based on an approach that reflects the business model for holding the financial assets and their cashflow characteristics. Financial assets are classified at amortised cost on the basis that the Council's business model is to collect contractual cashflows and are solely principal and interest (SPPI). Financial assets measured at amortised cost are initially measured at fair value and then carried at amortised cost. Financial liabilities are initially measured at fair value and then carried at their amortised cost.

The following categories of Financial Assets and Liabilities are carried in the Balance Sheet:

Financial Assets

	Non-current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	
Amortised Cost	364	337	5,241	4,582	50,839	62,122	20,702	20,881	87,922
Total Financial Assets	364	337	5,241	4,582	50,839	62,122	20,702	20,881	87,922

Financial Liabilities

	Non-current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	
Amortised Cost	148,261	145,069	0	0	12,183	8,811	46,414	53,262	207,142
Total Financial Liabilities	148,261	145,069	0	0	12,183	8,811	46,414	53,262	207,142

LOBOs (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 non-current borrowing. The non-current 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.

Expected Credit Loss Model

The introduction of the Expected Credit Loss Model under IFRS9 Financial Instruments requires financial assets to be reviewed for impairment losses to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Credit risk plays a major part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk remains low or has not significantly increased, losses are assessed on the basis of a 12-month expected loss.

The council has reviewed its financial assets in this regard and determined that there is no significant increase in credit risk, no significant impairments or no impairment due. The council considers that due diligence is exercised through its Investment Strategy in the Treasury Management Strategy Statement in which minimisation of risk is a key priority along with the security and liquidity of the investment (note 29 also refers).

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.

2017/18		2018/19		
		Financial Liabilities Measured at amortised cost £000	Financial Assets Measured at amortised cost £000	Total £000
Total £000				
(7,417)	Interest expense	(7,274)	0	(7,274)
(141)	Losses on derecognition	(141)	0	(141)
(7,558)	Interest payable and similar charges	(7,415)	0	(7,415)
651	Interest income	0	901	901
3	Gains on derecognition	3	0	3
654	Interest and investment income	3	901	904
(6,904)	Net gain /(loss) for the year	(7,412)	901	(6,511)

Fair Value of Financial Assets and Liabilities Carried At Amortised Cost

Financial assets and liabilities 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 127/19 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 127/19;
- 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 2018						31 March 2019	
Comparison Amount	Fair Value		Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	Comparison Amount	Fair Value
£000	£000		£000	£000	£000	£000	£000
119,425	163,734	PWLB	114,571	0	1,596	116,167	161,907
14,091	22,281	Market Debt	14,000	0	90	14,090	22,647
16,121	24,555	LOBOs	16,498	(498)	25	16,025	25,007
46,071	46,071	Creditors	52,882	0	0	52,882	52,882
10,303	10,372	Short term borrowing	7,042	0	58	7,100	7,130
343	343	Bank overdraft	380	0	0	380	380
206,354	267,356	Total financial liabilities	205,373	(498)	1,769	206,644	269,953

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.

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 2018			31 March 2019	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
5,236	5,236	Bank deposits of 7 days or less	1,363	1,363
37,597	37,566	Deposits with banks and building societies	38,155	38,155
8,006	8,004	Deposits with other local authorities	17,573	17,573
0	0	Money Market Fund deposits	5,004	5,004
364	364	Other Structured deposits	364	364
5,241	4,251	Long term debtors	4,582	3,748
20,702	20,702	Debtors	20,881	20,881
77,146	76,123	Total financial assets	87,922	87,088

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 2019.

Note 29 - Nature and Extent of Risks Arising from Financial Instruments

Angus 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 service 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 2018/19 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's Treasury Management in the Public Services Code of Practice (2017 edition), 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 2018/19 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 £12.5 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 £15.0 million could be placed with each UK domiciled AA minus (or higher) rated institution, with 100% of the Council's investments in this category being able to be placed with these counterparties;
- a maximum of £10.0 million could be placed with each non-UK domiciled AA minus (or higher) rated institution subject to a maximum of £20.0m being placed overall and a total of no more than 50% of the Council's investments being placed with these counterparties;
- a maximum of £15.0 million could be placed with each of the Nationalised or part Nationalised Banks, however 100% of the Council's investments could be placed with these counterparties;
- a maximum of £20.0 million could be placed overall in Money Market Funds, with the maximum limit of £10.0 million able to be placed with any single fund. 100% of the Council's investments could be placed in Money Market Funds;

- a maximum of £10.0 million could be placed overall in Ultra Short Dated Bond Funds, with a maximum limit of £5.0m able to be placed with any single fund and no more than 25% of the Council's investments being placed with these counterparties; 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 2018/19, 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 2019 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2018 %	Estimated maximum exposure – default etc £000
Deposits with the Council's main bank	1,363	0	0	0
Deposits with other banks	23,072	0	0	0
Deposits with other local authorities	17,573	0	0	0
Money Market Fund deposits	5,004	0	0	0
Collateralised deposits	15,083	0	0	0
Customers	4,840	4.02	5.08	246
Totals	66,935	4.02	5.08	246

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 £3.528 million of the £4.840 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 2019 £000
Less than 3 months	753
3 to 6 months	378
6 months to 1 year	644
More than 1 year	1,753
Total	3,528

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 (PWL) 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 Director of Finance adopts a pro-active management of the Council's borrowings to ensure that the above limits are observed. This is achieved through the careful planning of the timing of new loans taken out and the early repayment of existing borrowings where conditions are favourable.

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

Loan Value 31 March 18 £000		Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 19 £000
	Loans Outstanding			
123,998	PWLB	117,757	0	117,757
16,000	LOBOs - European Banks	16,498	(498)	16,000
14,000	Market Debt - UK Banks	14,000	0	14,000
153,998	Total	148,255	(498)	147,757
	Maturity Structure			
6,241	Less than 1 year	3,186	0	3,186
3,186	Between 1 and 2 years	3,476	0	3,476
10,813	Between 2 and 5 years	10,926	0	10,926
8,406	Between 5 and 10 years	5,706	0	5,706
125,352	Over 10 years	124,961	(498)	124,463
153,998	Total	148,255	(498)	147,757

The 2017/18 figures are shown for comparison.

In the over 10 years category there are LOBOs with a Loan Value totalling £16 million which have a call date in the next 12 months.

All trade and other payables are due to be paid in less than 1 year and are not included in the above table.

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.

For illustrative purposes, a 1% increase in the interest rate would decrease the fair value of fixed rate borrowings by some £35.6m (16.8%).

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.

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.

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 30 - 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.

2017/18 £000		2018/19 £000
	Expenditure	
	Interest Paid on Loans:-	
6,056	Public Works Loan Board	5,855
0	Public Works Loan Board Redemptions	0
1,330	Other Mortgages and Bonds	1,325
26	Internal Loans	42
372	Interest Paid on Revenue Balances	488
91	Expenses of Borrowing	112
7,875	TOTAL EXPENDITURE	7,822
	Income	
348	Interest received	602
7,436	Interest Charged to borrowing accounts	7,108
91	Expenses recovered from borrowing accounts	112
7,875	TOTAL INCOME	7,822

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.28% in 2018/19. The 2017/18 rate was 4.35%.

Debt Management Expenses

The equivalent rate for debt management expenses was 0.07%. The 2017/18 rate was 0.05%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2019 was £157.6 million or £1,358.21 per head of population. The figures at 31 March 2017 were £164.0 million or £1,410.57 respectively.

Note 31 – Other Long Term Liabilities

Other long term liabilities (£125.252 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 (£124.790 million) relating to finance leases (£3.249 million), government funding (£0.120 million) and outstanding debt associated with PPP projects (£121.421 million).

Note 32 – Contingent Liability

Guaranteed Minimum Pension (GMP) Equalisation: On 22 January 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. For the purposes of pension fund valuation it is assumed that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase. In light of this it is not considered necessary to make any adjustments to the value placed on the liabilities within the Council's accounts.

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	Consolidation Method
ANGUSalive	Subsidiary
Charitable Trusts: <ul style="list-style-type: none"> • Robert & William Strang 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 2019

	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 2017	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
Movement in reserves during 18/19					
Surplus or (deficit) on provision of services	(17,970)	0	(17,970)	(1,251)	(19,221)
Other Comprehensive Expenditure and Income	0	9,030	9,030	54	9,084
Total Comprehensive Expenditure and Income	(17,970)	9,030	(8,940)	(1,197)	(10,137)
Opening balance / Group share adjustments	0	0	0	480	480
Adjustments between accounting basis and funding basis under regulations	23,347	(23,347)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	5,377	(14,317)	(8,940)	(717)	(9,657)
Transfers to / from Earmarked Reserves	0	0	0	0	0
Increase / Decrease in Year	5,377	(14,317)	(8,940)	(717)	(9,657)
Balance at 31 March 2019 carried forward	45,591	453,966	499,557	1,237	500,794

Group Comprehensive Income and Expenditure Statement for the year 31 March 2019

2017/18 (Restated)				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			Strategic Policy, Transformation and Public Sector Reform			
205	0	205	Directorate	600	0	600
4,435	(1,599)	2,836	Strategic Policy and Economy	4,310	(2,204)	2,106
1,007	(13)	994	Governance and Change	1,215	(42)	1,173
345	0	345	Internal Audit	289	(2)	287
532	(202)	330	Risk, Resilience and Safety	463	(135)	328
			People			
2,997	(188)	2,809	Directorate	687	(95)	592
115,445	(5,881)	109,564	Schools and Learning	122,280	(8,079)	114,201
22,247	(1,786)	20,461	Children, Families and Justice	21,777	(1,834)	19,943
3,901	(139)	3,762	Digital Enablement, Information Technology, Human Resources and Business Support	4,717	(104)	4,613
			Place			
2,364	(999)	1,365	Directorate and Business Support	1,909	(889)	1,020
1,752	(493)	1,259	Services to Communities	2,874	(399)	2,475
60,061	(36,780)	23,281	Communities	57,028	(33,354)	23,674
29,060	(6,670)	22,390	Infrastructure Services	26,630	(4,912)	21,718
11,283	(2,329)	8,954	Finance & Legal	9,362	(2,137)	7,225
10,784	(6,563)	4,221	Other Services	16,062	(3,491)	12,571
39	0	39	Facilities Management	2,723	(21)	2,702
0	0	0	Corporate Items	463	(3,869)	(3,406)
692	0	692	Joint Boards	753	(33)	720
116,131	(70,064)	46,067	Adult Services	119,234	(71,917)	47,317
383,280	(133,706)	249,574	General Fund Net Expenditure	393,376	(133,517)	259,859
30,225	(28,304)	1,921	Housing Revenue Account	31,510	(29,610)	1,900
413,505	(162,010)	251,495	Cost of Services - Council	424,886	(163,127)	261,759
9,889	(2,940)	6,949	Interest in Subsidiary – Angus Alive	12,167	(6,106)	6,061
28	(70)	(42)	Interest in Subsidiary – Charitable Trusts	44	(70)	(26)
595	(309)	286	Interest in Subsidiary – Common Good	595	(363)	232
424,017	(165,329)	258,688	Group Cost Of Services	437,692	(169,666)	268,026

2017/18 (Restated)				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		5,590	Other Operating (Income)/Expenditure - Council			982
		2,193	Other Operating (Income)/Expenditure – Associates & JV			(268)
		21,334	Financing & Investment (Income)/Expenditure - Council			17,742
		(260,238)	Taxation and Non-Specific Grant Income - Council			(267,261)
		27,567	Group Deficit on Provision of Services			19,221
		(748)	(Surplus) or deficit on revaluation of non-current assets – Council			(6,413)
		(608)	(Surplus) or deficit on revaluation of non-current assets – Subsidiaries			(93)
		(142,994)	Re-measurement of net pension liability - Council			(2,617)
		(6,492)	Re-measurement of net pension liability - Subsidiaries			215
		(15,095)	Re-measurement of net pension liability – Associates & JV			(176)
		(165,937)	Other Group Comprehensive (Income) /Expenditure			(9,084)
		(138,370)	Total Group Comprehensive (Income)/Expenditure			10,137

Group Balance Sheet as at 31 March 2019

31/03/2018 £000		Group Notes	31/03/2019 £000
820,799	Property, Plant & Equipment		827,079
5,870	Heritage Assets		5,870
1,536	Investment Property		1,536
914	Assets Held for Sale		1,480
1,252	Long Term Investments		1,605
5,064	Long Term Debtors		4,419
835,435	Long Term Assets		841,989
46,267	Short Term Investments	10	60,817
380	Inventories		390
23,173	Short Term Debtors	9	22,941
6,469	Cash and Cash Equivalents	8	3,485
76,289	Current Assets		87,633
(643)	Provisions		(400)
(8,232)	Short Term Borrowing		(4,956)
(48,443)	Short Term Creditors	11	(54,673)
(57,318)	Current Liabilities		(60,029)
(148,261)	Long Term Borrowing		(145,069)
(75,475)	Pension Liability	12	(93,617)
(114,508)	Other Long Term Liabilities		(125,252)
(5,711)	Liability in Associates & Joint Ventures		(4,861)
(343,955)	Long Term Liabilities		(368,799)
510,451	Net Assets		500,794
44,297	Usable Reserves		49,620
473,516	Unusable Reserves		459,100
(7,362)	Group Reserves		(7,926)
510,451	Total Reserves		500,794

The accounts were issued for audit on 28 June 2019 and the audited accounts were authorised for issue by the Director of Finance on the 24 September 2019.

Group Cash Flow Statement as at 31 March 2019

2017/18 £000		2018/19 £000
(27,567)	Net surplus or (deficit) on the provision of services	(18,433)
72,225	Adjustment to surplus or deficit on the provision of services for non-cash movements	77,848
(16,507)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(20,546)
2,383	(Surplus) or deficit attributable to Associates / Joint Ventures	1,772
(190)	(Surplus) or deficit attributable to Jointly Controlled Entities	(2,527)
30,344	Net Cash Inflows from Operating Activities *	38,114
(35,647)	Purchase of property, plant and equipment, investment property and intangible assets	(34,773)
(5,368)	Purchase of short-term and long-term investments	(15,008)
1,363	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,175
15,056	Other receipts / payments from investing activities	16,989
(24,596)	Net Cash Outflows from Investing Activities	(30,617)
(2,833)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,993)
(4,890)	Repayments of short and long-term borrowing	(6,399)
298	Other receipts / payments for financing activities	911
(7,425)	Net Cash Outflows from Financing Activities	(10,481)
(1,677)	Net increase or (decrease) in cash and cash equivalents	(2,984)
8,146	Cash and cash equivalents at the beginning of the reporting period	6,469
6,469	Cash and Cash equivalents at the end of the reporting period (Note 8)	3,485

* The cash flows from operating activities in 2018/19 includes interest received of £0.892 million (2017/18 £0.478 million) and interest paid of £17.582 million (2017/18 £16.681 million).

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 therefore not 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 Entities

Subsidiaries

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 2018/19 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 (Robert & William Strang 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 114.

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 116.

Associates

Two entities have been consolidated as associates into Angus Council's Group Accounts in 2018/19 – 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 26.05% (the share in 2017/18 was 26.19%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Board were £2.526 million at 31 March 2019, compared to net liabilities of £2.338 million at 31 March 2018. The total Comprehensive Income and Expenditure for the year to 31 March 2019 was net expenditure of £0.188 million, compared to net income of £5.290 million for the period to 31 March 2018.

A copy of Tayside Valuation Joint Board's 2018/19 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 2018/19, which is 32.2% (the share in 2017/18 was 34.7%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Joint Committee were £20.883 million at 31 March 2019, compared to net liabilities of £16.080 million at 31 March 2018. The total Comprehensive Income and Expenditure for the year to 31 March 2019 was net expenditure of £4.803 million, compared to net income of £32.641 million for the period to 31 March 2018.

A copy of Tayside Contracts' 2018/19 accounts may be obtained from: 1 Soutar Street, Dundee, DD3 8SS.

Joint Venture

Angus Integration Joint Board

Angus Integration Joint Board (AIJB) was established 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 £6.016 million at 31 March 2019, compared to net assets of £0.962 million at 31 March 2018. The cost of services (before allowance for grant income) for the year to 31 March 2019 was £164.367 million, compared to a cost of services of £163.131 million for the period to 31 March 2018. After allowing for grant income (funding from Angus Council and NHS Tayside), the total Comprehensive Income and Expenditure for the year to 31 March 2019 was net income of £5.054 million, compared to net income of £0.380 million for the period to 31 March 2018.

A copy of AIJB's 2018/19 accounts may be obtained from: Chief Finance Officer, Angus Health & Social Care Partnership, Angus House, Orchardbank Business Park, Forfar, DD8 1AN.

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), ANGUSalve (subsidiary), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to increase both reserves and net assets by £2.025 million (2017/18 showed an increase of £1.954 million).

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 - Non-Adjusting Event After the Reporting Period

There were no non-adjusting events.

Note 7 – 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 £17.381 million.

Note 8 – Group Cash and Cash Equivalents

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

2017/18 £000		2018/19 £000
1,579	Cash held by the Group	2,496
(343)	Bank Overdraft	(380)
5,233	Cash Investments	1,723
6,469	Total Cash and Cash Equivalents	3,839

Note 9 – Short Term Debtors (Net of Provisions)

2017/18 £000		2018/19 £000
23,063	Angus Council Debtors	22,464
21	Charitable Trusts Debtors	11
0	Common Good Fund Debtors	2
684	Angus Alive Debtors	845
(595)	Exclude Intra Company Debtors	(381)
23,173	Total Group Debtors	22,941

Note 10 - Short Term Investments

2017/18 £000		2018/19 £000
46,227	Angus Council Short Term Investments	60,764
40	Charitable Trusts Short Term Investments	53
46,267	Total Group Short Term Investments	60,817

Note 11 – Short Term Creditors

2017/18 £000		2018/19 £000
47,882	Angus Council Creditors	52,882
28	Common Good Fund Creditors	30
1,128	Angus Alive Creditors	2,142
(595)	Exclude Intra Company Creditors	(381)
48,443	Total Group Creditors	54,673

Note 12 – Liability Related to Defined Benefit Pension Scheme

2017/18 £000		2018/19 £000
71,507	Angus Council – Pensions Liability	88,174
3,968	Angus Alive – Pensions Liability	5,443
75,475	Total Group Pension Liability	93,617

Note 13 – Additional Disclosure

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

2017/18 %		2018/19 %
0.19%	Tayside Valuation Joint Board	0.19%
3.67%	Tayside Contracts	3.50%
1.27%	Angus Alive	1.72%

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.

2017/18 Pension Scheme Obligations £000	2017/18 Total Gross Liabilities £000		2018/19 Pension Scheme Obligations £000	2018/19 Total Gross Liabilities £000
632	766	Tayside Valuation Joint Board	692	825
6,663	14,884	Tayside Contracts	8,177	15,376
3,968	5,102	Angus Alive	5,443	7,585

Note 14 – Group Reserves

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.349million. 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 114.

Note 15 – Entities Not Consolidated

Following a review of the Group boundary, a number of satellite organisations have been excluded from Angus Council's group accounts, either on the basis of materiality or no group relationship being deemed to exist.

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 (ACCCT) – whilst 3 Councillors sit on the ACCCT Board, Angus Council currently has no rights to its assets or any responsibility for its liabilities and accordingly cannot be said to have an interest.
- ii) Angus Environmental Trust (AET) – whilst officers from Angus Council sit on the AET Board and provide some advisory / administrative functions, the Council has no rights to the assets of AET or any responsibility for its liabilities and accordingly cannot be said to have an interest.
- iii) MVV Baldovie Environment Ltd (formerly Dundee Energy Recycling Ltd (DERL)) – Angus Council has no rights to assets or responsibility for liabilities of MVV (formerly DERL).
- iv) Business Gateway Tayside (BGT) – BGT act as a supplier of services, with Angus Council having no rights to assets or responsibility for liabilities.
- v) Tay Road Bridge (TRB) – whilst 1 Councillor sits on the TRB Board, Angus Council does not have a statutory funding requirement and does not receive a share of any surpluses.
- vi) Angus Care & Repair (ACR) – whilst Angus Council has a minority representation on the Board of ACR, it does not have significant influence over the entity and the substance of the relationship does not indicate control by the Council.
- vii) Scotland Excel (SE) – whilst Angus Council provides a minimal percentage of the SE's requisition requirements and has 1 member representation on its Executive Board, it cannot be said to have significant influence.

Note 16 – 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.
 ANGUSalive – audited figures confirmed by Scott Moncrieff, but audit incomplete as trustees report still to be received..

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 2019 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 2019

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.

2017/18 Actual £000		2018/19 Actual £000	2018/19 Actual £000	2018/19 Budget £000
	Expenditure			
7,978	Repairs and Maintenance	7,993		8,018
7,017	Supervision and Management	6,838		8,130
448	Void Rents	793		531
12,538	Depreciation and impairment of non-current assets	12,693		12,693
375	Movement in the allowance for bad debts	912		500
565	Other expenditure	727		704
28,921	Total Expenditure		29,956	30,576
	Income			
(25,393)	Dwelling Rents	(26,489)		(26,558)
(529)	Non-Dwelling Rents	(581)		(555)
(88)	Housing Support Grant	(0)		(0)
(1,254)	Other Income	(1,258)		(1,319)
(27,264)	Total Income		(28,328)	(28,432)
1,657	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		1,628	2,144
265	HRA share of Corporate and Democratic Core		272	278
0	HRA share of other amounts included in the whole Council Net Cost of Services but not allocated to specific services		0	0
1,922	Net cost of HRA Services		1,900	2,422
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
276	(Gain) or loss on sale of HRA non-current asset		446	446
1,488	Interest payable and similar charges		1,383	1,816
(1)	Interest and investment income		(1)	(1)
215	Pension interest cost and expected return on pension assets		81	81
(1,606)	Non-specific Grant Income		(2,290)	(2,290)
2,294	(Surplus) or Deficit for the year on HRA services		1,519	2,474

Movement on the HRA Statement for the Year Ended 31 March 2019

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.

2017/18 £000		2018/19 £000	2018/19 £000
(4,922)	Balance on the HRA at the end of the previous year		(4,285)
2,294	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		1,519
(1,590)	Adjustments between accounting basis and funding basis under statute		(875)
704	Net (Increase) or decrease before transfers to or from reserves		644
	Transfers to / (from) earmarked reserves:		
(600)	Affordable Housing Account	(474)	
0	SG Temp Accommodation	(264)	
533	Use of HRA Balances	0	
0	Appropriation of General Fund Property	168	
(67)	Net transfer to / from earmarked reserves		(570)
(4,285)	Housing Revenue Account surplus carried forward		(4,211)
	Summary of HRA Balance Commitments		
1,000	Minimum Policy Level		1,000
687	Survive and Thrive Commitment		687
1,255	Early Repayment of Debt		1,181
1,343	Scottish Housing Quality Standard / New Build		1,343
4,285	Total HRA Balance Commitments		4,211

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

2017/18 £000		2018/19 £000	2018/19 £000
	Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement		
(12,538)	Depreciation		(12,693)
0	Employee Benefits		0
(411)	IAS 19 Pension Adjustment		(446)
(12,949)			(13,139)
1,880	Loans fund principal repayments		2,187
7,764	Capital expenditure funded by the HRA		8,008
600	Capital expenditure funded by Affordable Housing Reserve		474
0	Appropriation of General Fund Property		(168)
1,606	Non Specific Grant Income		2,290
(215)	HRA Share of contributions to or from the Pensions Reserve		(81)
11,635			12,710
	Gain/Loss on Sale of HRA non-current assets		
1,336	Non-current assets sales proceeds (net of cost of sales)	139	
(1,612)	Net Book Value of non-current assets sold	(585)	(446)
11,359			12,264
(1,590)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		(875)

Housing Stock

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

2017/18		2018/19
40% / 60%	Houses / Maisonettes	40% / 60%
	Stock changes can be summarised as follows:-	
7,653	Stock at 1 April	7621
	Add:	
11	New Build	29
5	Conversions	12
	Less:	
(29)	Right to Buy Sales	(3)
(11)	Open Market Sales	0
(8)	Closures / Demolitions	(1)
7,621	Stock at 31 March	7,658

Rent Arrears

Rent arrears as at 31 March 2019 were £2.25 million, and the comparable figure for 31 March 2018 was £2.348 million.

The provision for bad or doubtful debt has been increased from £1.499 million at 31 March 2018 to £1.602 million at 31 March 2019.

Prior Year Items

There are no exceptional or prior year items disclosed in the 2018/19 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.

2017/18 £000		2018/19 £000
59,345	Gross Council Tax Levied & contributions in Lieu	61,591
(5,283)	Council Tax Reduction Scheme (CTRS)	(5,307)
0	Discounts for Prompt Payment	0
(6,842)	Other Discounts & Reductions	(7,152)
(820)	Write-off of Uncollected Debts & Allowances for Impairments	(870)
46,400	Net Council Tax Income	48,262
196	Adjustment to previous years' Council Tax	(257)
46,596	Transfers to the General Fund	48,005

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 2018/19

2017/18		Valuation Band								2018/19
TOTAL		A	B	C	D	E	F	G	H	TOTAL
56,039	Total Number of Properties	15,224	12,835	7,083	8,536	7,575	3,090	1,673	170	56,186
1,753	Less Exemptions/ Deductions	800	440	195	135	163	55	34	20	1,842
5,125	Less Adjustment for Single Discounts	2,224	1,201	622	578	386	106	54	3	5,174
907	Less Adjustment for Double Discounts	344	181	116	84	52	23	24	9	833
48,254	Effective Number of Properties	11,856	11,013	6,150	7,739	6,974	2,906	1,561	138	48,337
	Band D Equivalent Factor (Ratio)	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
46,800	Band D Equivalent Number of Properties	7,904	8,566	5,467	7,739	9,163	4,722	3,057	338	46,956
936	Less Provision for Non-Collection 2%	158	171	109	155	183	94	61	7	938
45,864	Base as per Budget Setting	7,746	8,395	5,358	7,584	8,980	4,628	2,996	331	46,018
4,737	Less CTRS Band D Equivalent	2,460	1,195	534	356	191	63	33	2	4,834
41,127		5,286	7,200	4,824	7,228	8,789	4,565	2,963	329	41,184

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2018/19 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

2017/18 Effective Number of Properties	2017/18 Total Council Tax Charge £		2018/19 Effective Number of Properties	2018/19 Total Council Tax Charge £
11,833	736.11	A	11,856	758.19
10,985	858.79	B	11,013	884.55
6,180	981.48	C	6,150	1,010.92
7,818	1,104.16	D	7,739	1,137.28
6,920	1,450.74	E	6,974	1,494.26
2,846	1,794.26	F	2,906	1,848.09
1,540	2,162.31	G	1,561	2,227.18
132	2,705.19	H	138	2,786.35
48,254			48,337	

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.

2017/18 £000		2018/19 £000
38,375	Gross Rates Levied & Contributions in Lieu	39,695
(11,701)	Reliefs & Other Deductions	(12,418)
0	Payment of Interest	0
(193)	Write-offs of uncollectable debts & allowances for impairment	(259)
26,481	Net Non-Domestic Rate Income	27,018
(1,341)	Adjustment to previous years' National Non-Domestic Rates	(456)
0	Non-Domestic Rate Income Retained by Council (BRIS)	0
25,140	Contribution to Non-Domestic Rate Pool	26,562

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.

2017/18 £000		2018/19 £000
27,233	Distribution from Non-Domestic Rate Pool	25,101
0	Non-Domestic Rate Income Retained by Council (BRIS)	0
27,233	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	25,101

The 2018/19 rate poundage which is set nationally was 48p with a large business supplement of 2.6p (rateable value in excess of £51,000).

Rateable Subjects and Values (1 April 2018)

No of properties	Rateable Value as at 1 April 2017 £000	Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2018 £000
1,154	16,341	Shops	1,154	16,407
93	1,460	Public Houses	89	1,396
478	4,971	Offices including banks	477	4,783
57	1,831	Hotels etc	59	1,817
1,207	17,120	Industrial Subjects etc	1,223	17,175
422	6,019	Leisure, Entertainment, Caravans etc	443	6,079
109	1,335	Garages and Petrol Stations	109	1,281
58	644	Cultural	58	642
162	629	Sporting Subjects	777	1,251
88	8,931	Education and Training	86	8,942
333	8,566	Public Service Subjects	331	7,821
12	150	Communications (Non Formula)	11	131
20	587	Quarries Mines etc	20	579
172	806	Religious	172	805
134	5,909	Health & Medical Care	135	5,918
367	5,127	Other	382	5,948
4,866	80,426	Total	5,526	80,975

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 2019.

Income and Expenditure Account for the year ended 31 March 2019

	2018/19			2017/18
	OSCR Registered £000	Other £000	Total £000	£000
Expenditure				
Beneficiaries	38	1	39	28
Administration	35	0	35	35
Total Expenditure	73	1	74	63
Income				
Rents, feu duties, dividends and interest	51	0	51	59
Loans Fund interest	17	2	19	11
Transfer from Capital Account/Endowment Funds	3	0	3	0
Total Income	71	2	73	70
(Surplus)/Deficit	2	(1)	1	(7)

Balance Sheet as at 31 March 2019

	31 st March 2019			31/3/18
	OSCR Registered £000	Other £000	Total £000	Restated £000
Non-Current Assets				
Heritable Property	0	2	2	2
Long Term Investments	1,278	0	1,278	1,252
Total Non-Current Assets	1,278	2	1,280	1,254
Current Assets				
Debtors	11	0	11	11
Short Term Investments	53	0	53	40
Revenue Advances to Loans Fund	797	211	1,008	1,005
Total Current Assets	861	211	1,072	1,056
Current Liabilities				
Creditors and accruals	3	0	3	0
Total Current Liabilities	3	0	3	0
Working Capital	858	211	1,069	1,056
Total Net Assets	2,136	213	2,349	2,310
Reserves				
Capital Account/Endowment Funds	2,027	7	2,034	1,994
Revenue Account/Unrestricted Funds	109	206	315	316
Total Reserves	2,136	213	2,349	2,310

The accounts were issued for audit on 28 June 2019 and the audited accounts were authorised for issue by the Director of Finance on the 24 September 2019.

Ian Lorimer CPFA
Director of Finance
24 September 2019

Notes - Principal Trust Funds

Balance at 31/3/19 Capital £000	Balance at 31/3/19 Revenue £000	Charity	Area Covered
66	2	ACCT – Ward 1	Kirriemuir and Dean
146	8	ACCT – Ward 2	Brechin and Edzell
66	1	ACCT – Ward 3	Forfar and District
12	1	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
115	1	ACCT – Ward 8	Montrose and District
71	7	ACCT – Angus Wide	Angus Wide
1,426	81	Robert & William Strang Mortification	Forfar
2,027	109	TOTAL	

Capital Reserves/Endowment Funds

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

	Balance at 1/4/18 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/3/19 £000
Movement during year	1,994	44	0	(4)	2,034

Registered Charities

Of the 58 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 Robert & William Strang 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 Robert & William Strang 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 £3k in respect of Robert & William Strang Mortification will be borne by the charity. Angus Council will meet the audit fee relating to Angus Council Charitable Trust due to poor investment returns in 2018/19.

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 2019.

Income and Expenditure Account for the year ended 31 March 2019

Actual 2017/18 £000		Budget 2018/19 £000	Actual 2018/19 £000
	<u>Expenditure</u>		
34	Property Costs	30	44
5	Supplies and Services	2	1
20	Central Support Services Charges	24	29
372	Projects	844	360
42	Loan Interest Payable	42	43
142	Depreciation & Impairment	147	147
615	Total Expenditure	1,089	624
	<u>Income</u>		
(295)	Fees, Charges etc	(318)	(303)
(14)	Interest on Loan	(19)	(23)
0	Other Income	(37)	(37)
(309)	Total Income	(374)	(363)
306	Net (Surplus)/Deficit	715	261

Balance Sheet as at 31 March 2019

as at 31 st March 2018 £000		As at 31 st March 2019 £000
	Non-Current Assets	
5,592	Heritable Property (less Depreciation), Other Assets	5,445
0	Long Term Debtors	18
5,592	Total Non-Current Assets	5,463
	Current Assets	
0	Debtors	2
2,960	Revenue Advances to Loans Fund	2,846
2,960	Total Current Assets	2,848
	Current Liabilities	
(28)	Creditors and Accruals	(30)
(28)	Total Current Liabilities	(30)
2,932	Working Capital	2,818
(331)	Long Term Creditor	(301)
8,193	Total Net Assets	7,980
	Usable Reserves	
2,157	Revenue Cash	2,043
803	Capital Cash	803
	Unusable Reserves	
2,602	Revaluation Reserve Account	2,494
2,631	Capital Adjustment Account	2,640
8,193	Total Reserves	7,980

The accounts were issued for audit on 28 June 2019 and the audited accounts were authorised for issue by the Director of Finance on the 24 September 2019.

Ian Lorimer CPFA
Director of Finance
24 September 2019

USABLE RESERVES

1. Movement in Individual Common Good Reserve Funds:

Revenue

	Revenue Cash at 31/03/18 £000	Income £000	Expenditure £000	Revenue Cash at 31/03/19 £000
Arbroath	606	92	(208)	490
Brechin	552	72	(137)	487
Forfar	621	133	(81)	673
Kirriemuir	7	0	0	7
Montrose	371	65	(50)	386
TOTAL	2,157	362	(476)	2,043

Capital

	Capital Cash at 31/03/18 £000	Income £000	Expenditure £000	Capital Cash at 31/03/19 £000
Arbroath	281	0	0	281
Brechin	206	0	0	206
Forfar	202	0	0	202
Kirriemuir	0	0	0	0
Montrose	114	0	0	114
TOTAL	803	0	0	803

UNUSABLE RESERVES

Capital Adjustment Account

	Reserve Account Balance at 31/03/18 £000	Movement 2018/19 £000	Reserve Account Balance at 31/03/19 £000
TOTAL	2,631	9	2,640

Revaluation Reserve Account

	Reserve Account Balance at 31/03/18 £000	Movement 2018/19 £000	Reserve Account Balance at 31/03/19 £000
TOTAL	2,602	(108)	2,494

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2018/19

	(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	216	(100)	0	116
Brechin	96	(31)	0	65
Forfar	(45)	(7)	0	(52)
Kirriemuir	0	0	0	0
Montrose	(6)	(9)	0	(15)
TOTAL MOVEMENT IN YEAR	261	(147)	0	114
2017/18 Balance b/fwd cash due Loans Fund				(2,960)
Increase/(Decrease) per surplus above				114
Cash due Loans Fund as at 31/03/19				2,846

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation & impairment	(147)
Total	(147)

The above Common Good accounts for 2018/19 and Balance Sheet as at 31/03/2019, have applied, where relevant, the same accounting policies as those for Angus Council's 2018/19 Annual Accounts as stated in "Note 1 – Summary of Significant Accounting Policies".

Independent Auditor's Report**Independent auditor's report to the members of Angus Council and the Accounts Commission****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 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the council and its group as at 31 March 2019 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 2018/19 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)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. 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 was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is 3 years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the council. 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 Director of Finance 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.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Director of Finance and Scrutiny and Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Director of Finance 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 Director of Finance 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 obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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 Director of Finance 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.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gillian Woolman MA FCA CPFA

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24 September 2019