

AUDITED ANNUAL ACCOUNTS

# 2019/20



Angus Council – Annual Accounts 2019/20

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**Management Commentary****1. Purpose**

The Management Commentary explains Angus Council's financial performance for the year ended 31<sup>st</sup> March 2020. 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 48-51): 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 the Council's Annual Accounts are governed by The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The impact of the COVID19 outbreak has been considered by the CIPFA-LASAAC Code Board in respect of any adjustments required to the Code and it was concluded that full application of the 2019/20 Code would apply.

**2. Coronavirus Outbreak (COVID 19)**

In the first quarter of 2020 a coronavirus outbreak (COVID 19) activated across the globe. This resulted in the United Kingdom and Scottish Governments imposing restrictions through guidance and law on the movement of people which came into effect on 23 March 2020. The impact of this has led to a "shutdown" of virtually all economic activity within the UK and large-scale government financial intervention, some of which has fallen to local government to administer. This has resulted in a significant level of increased economic uncertainty for Angus and the Council.

A special meeting of Angus Council was held on 3<sup>rd</sup> April 2020 and report [121/20](#) was approved which set out the arrangements to be put in place in terms of decision making at council and committee level in light of the COVID 19 pandemic. Report [122/20](#) taken to the same committee detailed the initial actions taken in response to the COVID 19 pandemic by the Chief Executive of Angus Council. From August 2020 Angus Council committee cycle resumed.

COVID-19 continues to have a significant impact on the Council and its operations and the Council is moving into a recovery and renewal phase of its response. We anticipate the pandemic's effects being long lasting in health and economic terms both of which will impact on the Council's services and finances.

Scottish Ministers have advised that under provisions made in The Coronavirus (Scotland) Act 2020 each authority may determine its own date for publishing the Annual Accounts up to 30 November 2020, an extension of 2 months. The Council determined that it wished to continue to work to the previously planned timetable for the submission of the unaudited annual accounts which were submitted to the Controller of Audit by the 30 June 2020. However, external audit extended their timeline to the 30 November 2020. There has been no material financial impact from COVID-19 onto the operating costs of Angus Council during financial year 2019/20. Agreement was reached that the sign off date would be moved to the 30 November 2020.

The revision to the Council's 2020/21 General Fund Revenue Budget is detailed in Report [211/20](#) and are summarised in the table below. These figures are projections based on our best estimates of costs and income in a fast changing environment. Due to the significance of the COVID-19 issues and the ongoing uncertainties and risks further adjustment to budgets may be required as the year progresses. Additional funding has been allocated to Angus Council from the Scottish Government to assist with funding these additional costs as detailed in Report 211/20, however the report highlights that the additional funding provided to date is expected to be insufficient to meet the full financial impact on the Council's revenue and capital budgets and the Council is required to make a further call on its reserves to ensure a balanced budget for 2020/21. The summary financial impact is set out in Fig 1 below.

**Summary Position, Remaining Budget Gap & Funding Options****Fig. 1 -Summary of impact of Covid19 on 2020/21**

	£m	£m
Service Budgets	10.907	
Corporate Budgets	0.600	
Other Areas	1.811	
Additional Savings/Cost Avoidance	(0.600)	
ANGUS alive savings not achievable assumption	0.458	
<b>NET IMPACT ON REVENUE BUDGET</b>		<b>13.176</b>
Additional Government Funding		(9.476)
<b>REMAINING FUNDING GAP TO BALANCE THE BUDGET</b>		<b>3.700</b>
<b>Funding Options</b>		
<b>Flexibility on ELC Ring-fenced Grant</b>		<b>(1.293)</b>
<b>General Fund Reserves</b>		<b>(2.407)</b>

**3. 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 16<sup>th</sup> May 2017. Full details of the elected members of Angus Council can be found at [https://www.angus.gov.uk/council\\_and\\_democracy](https://www.angus.gov.uk/council_and_democracy).

Fig. 2 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.

**4. 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 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. The Council's role is likely to evolve in the coming months and years as a consequence of the COVID-19 pandemic.

## **5. The Council Plan 2019-2024**

The Council agreed an updated [Council Plan](#) in February 2020 alongside a Finance & Change Plan and Workforce Plan. The Council plan and the Workforce plan were reviewed due to the COVID19 outbreak and revised versions were taken to Council in September 2020 for approval and updated versions are available on the Council's website. 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 2019/20 and against which we will measure our outcomes in future:-

### **5.1. Economy**

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

To do this we will:

- Spend Council money locally where we can to help grow our local economy;
- Support the creation of local, fairly paid and lasting job opportunities for our citizens;
- Make Angus a low carbon, sustainable area;
- Support business and economic growth by improving the physical and digital.

### **5.2. People**

We want to maximise inclusion and reduce inequalities.

To do this we will:

- Work in partnership to support and care for our most vulnerable citizens;
- Work collaboratively for and with our citizens to keep them safe in resilient communities;
- Reduce social isolation and loneliness;
- Offer our citizens a range of opportunities to help them achieve their potential and to reduce poverty;
- Enhance our senior phase (S4-S6) offering, leading to varied pathways which support and challenge all our young people;
- Increase the attainment and achievement of our young people, including looked after children.

### **5.3. Place**

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

To do this we will:

- Engage with citizens and communities to deliver the right services in the right place at the right time;
- Increase the supply of affordable housing and improve the council's current housing stock so it is fit for the future;
- Continue to reduce the council's carbon footprint with the aim of reducing our net carbon emissions to zero by 2045;
- Coordinate our place-based activity and investment through the development of the Angus Local Development Plan.

#### **5.4. Council**

We want Angus Council to be efficient and effective.

To do this we will:

- Listen to the needs of our customers and by working for and with them deliver better public value;
- Support and challenge our workforce for the future based on our values to help us to achieve our vision and deliver our priorities;
- Develop a commercial approach where appropriate, to make the most of our limited resources;
- Identify any further opportunities for efficiencies in revenue budget;
- Identify efficiencies in capital spend through end to end review of programme and projects.

#### **5.5 Our Values**

Angus is a great place to live, work and visit.

We are focusing our activity on engaging with colleagues to identify and live our values. Workshops, focused sessions and surveys are being used to support and challenge our behaviours, attitudes and aspirations for Angus and our response to citizens. This activity acknowledges whether our current values are these which most clearly describe the culture we are striving to create.

We are at the stage in our process where we can clearly identify the key themes of our aspirations.

These include:

- Continuing to care for our people (citizens and colleagues);
- Acknowledging our core role to serve;
- Working more collaboratively across the organisation and with partners, to best serve the public;
- Developing our culture of honesty and integrity to build trust;
- Demonstrating and operating with respect for others;
- Treating people fairly and with equity.

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

At its 2020/21 budget setting meeting in February 2020 the Council also agreed a newly combined [Finance & Change Plan](#) which includes 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 (pre COVID 19) and charts and diagrams which show where the Council spends its money and where that money comes from. It also now contains detailed information on the Council's Change Programme which has already achieved substantial savings through significant improvement to the Council's internal efficiency and this work continues. The latest edition of the Programme focuses on four main areas that are key to address future challenges and take advantage of the opportunities available:

- Demand Management – more timely and targeted support
- Innovation/Commercialisation
- Partnership/Collaboration
- Service Contraction



The updated [Workforce Plan](#) was agreed by the Council in February 2020. 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.

## 6. Our Change Programme

The Finance and Change Plan referred to above explains that the Council has now had to save £65m (report 211/20 revises this figure down by £1m to £64m) to balance its budget in the eight years up to and including 2020/21 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. The originally approved Change Programme has been reviewed in light of the COVID 19 pandemic and will continue to be monitored closely and reported throughout 2020/21.

## 7. 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 continuing to develop our performance management system Pentana to support our intention to be a performance led Council.

The main objectives for the Performance Led Programme are:

- Improve performance management, creating a consistent approach to how measures, actions and outputs from services are linked to Council measures and outcomes;
- Improve and develop a 'Performance-led culture' in services, including increased use of data;
- Ensure all services are undertaking a programme of self-evaluation through How Good Is Our Council (HGIOC), or by aligning services traditional approaches to self-evaluation to the HGIOC framework;
- Making Pentana a user-friendly means by which staff at all levels of the organisation can manage all of the key actions assigned to them as well as monitoring service performance;
- Review and refresh the approach to linking staff appraisals to performance information;
- Redesign how Pentana is used for managing risk within teams, services and the council in aligned risk registers;
- Develop 'Golden thread' of performance information to show links from actions, appraisals, PI's, risks, outcomes and self-evaluation.

## 8. 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 (recently retitled Education and Lifelong 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** - covers a number of key support functions which enable service delivery across the Council;

- **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);
- [ANGUSalive](#);
- Charitable Trusts;
- Common Good;
- [Tayside Contracts Joint Committee](#).

More information on these partners can be found in the Group Accounts, pages 104-115.

## 9. Financial Context – How the budgets were set for financial year 2019/20

Angus Council's General Fund (which covers all non-Council Housing services) is funded by 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 2019/20 were agreed at a special Council meeting on 21 February 2019 Report [61/19](#).

In order for the Council to set a balanced budget for 2019/20 the budget strategy included Change Programme savings of £10 million, £4 million of one-off measures from reserves and the balance coming from an approved 3% increase in Council Tax, £1.6 million. These are detailed in Report [61/19](#).

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 12<sup>th</sup> February 2019, report [47/19](#) refers. 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 116.

## 10. 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 2019/20 (the 2019 code). The 2019/20 Annual Accounts have been prepared in accordance with this Code. A simplified summary of the Council's financial performance for 2019/20 will be presented at the meeting of Angus Council planned for 12 August 2020 and the report and its appendices will be available on the website a few days before this meeting.



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.

### 10.1. 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.

### 10.2. Revenue Outturn Position

The Comprehensive Income and Expenditure Statement below sets out the cost of running Angus Council Services, Housing Revenue Account and Adult Services, Angus Integration Joint Board) along with the overall revenue outturn position for the financial year from 1 April 2019 to 31 March 2020.

Fig.3 Comprehensive Income and Expenditure Statement

	Net Spend £m	Net Budget £m	Variance £m
Schools & Learning	118.459	125.693	7.234
Communities	23.970	26.001	2.031
Children, Families & Justice	19.938	20.262	0.324
Infrastructure	22.068	22.119	0.051
Finance	4.326	4.549	0.223
Human Resources, Digital Enablement, Information Technology & Business Support	7.768	7.251	(0.517)
Strategic Policy, Transformation & Public Sector Reform	10.682	11.127	0.445
Legal & Democratic	2.792	2.708	(0.084)
Other Services	5.841	6.939	1.098
Facilities Management	2.652	3.117	0.465
Corporate Items	0.306	2.385	2.079
Tayside Valuation Joint Board	0.781	0.787	0.006
<b>General Fund Net Expenditure</b>	<b>219.583</b>	<b>232.938</b>	<b>13.355</b>
Adult Services	50.165	50.165	0.000
Housing Revenue Account	2.016	2.414	0.398
<b>Net Cost of Service as per CIES</b>	<b>271.764</b>	<b>285.517</b>	<b>13.753</b>
Other operating expenditure	0.988		
Financing & Investment Income	17.850		
Taxation and Non-specific Grant Income	(285.464)		
<b>Deficit on Provision of Services transferred to the General Fund Reserve</b>	<b>5.138</b>		

The table above shows that the overall revenue outturn 2019/20 was a deficit of £5.138m, which after making the required adjustments as shown in the Expenditure Funding Analysis (note 5) and along with transfers to and from earmarked reserves (note 6) means an increase of £5.998m in the General Fund Reserve and a decrease of £1.115m on the Housing Revenue Account reserve as shown in the Movement in Reserves Statement on page 48.

The table (Fig 3) above also shows that across all general fund net expenditure budgets there was a favourable variance against the original budget of £13.355 million. The majority of the variance was known about or planned for during 2019/20 and in setting the 2020/21 budget as part of the Council's proactive financial management arrangements. In addition, some of these savings were taken to allow flexibility when implementing the COVID 19 recovery plan in 2020/21 and also a number of grants which were received in 2019/20 but the spend for which spans over a number of years, specifically for the early years expansion project. These savings and prepaid grants require to be earmarked and carried forward from 2019/20 to 2020/21.

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

- Savings against budget in energy costs and rebates on rates for a number of schools (£1.4m);
- Slippage in projects and works – underspends against budgets in these areas arise for a variety of reasons but non-filling of employee posts is likely to be a factor where services simply haven't had the resource to progress projects in line with expected timelines (£1.8m);
- Savings within Capital Charges & Financing, Corporate decision taken around delays in special repayment of debt (£1.4m);
- Unspent Grant balances of £7m that apply over more than 1 year;

The savings on services budgets for 2019/20 also need to be viewed in the context of the further savings which have now been removed from Directorate budgets in 2020/21. A total of £6m of savings were implemented when the 2020/21 budget was set in February 2020. A number of the change programme savings projects have been impacted/delayed due to COVID 19.

#### Overall Impact on the General Fund Reserve

The actual year end position on the General Fund Balance was an increase of £6.138 million.

### **10.3. Capital Outturn Position**

Angus Council spent £42.304m during the year on various General Fund and Housing capital 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 2019/20 was £33.127m.

The General Fund capital programme reported gross expenditure of £28.142m against a full year budget of £37.063m, representing slippage/savings of £8.921m. The most significant areas of General Fund capital expenditure (on a gross basis) undertaken during the year included:

- £1.117m on agile office facilities and rationalisation of Council buildings;
- £0.945m on the provision of waste related services;
- £1.514m on the maintenance and upkeep of the council's buildings and property;
- £5.143m on infrastructure works to roads, footpaths, bridges, etc.;
- £0.460m on flooding / coastal protection related works;
- £8.649m on the provision of new primary schools in Arbroath;
- £5.915m on the Early Years Expansion programme within schools.

The slippage / savings arose mainly within Schools & Learning (£2.617m), Communities (£2.555m) and Infrastructure (£1.006m) due to:

- the need to re-tender the Early Learning & Childcare Centre in Carnoustie, thereby delaying the project's start on site;
- potential financial risks identified on the Arbroath Schools Project did not materialise during the year, although as they relate to demolition and associated works they are still present;
- design work delays associated with the various projects to be taken forward using Town Centre Fund monies, although all monies have been allocated to identified projects; and
- Employee resource availability impacted on the ability to progress a number of roads related projects.

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 \(report 60/19\)](#), Treasury Management Strategy Statement [\(report 74/19\)](#) and Treasury Management Annual Report [\(report 231/20\)](#).

## **11. Housing Revenue Account (HRA) Revenue and Capital Outturns**

Angus Council owns 7,751 properties for which it charges rent. This includes 70 properties transferred to the HRA from the Angus Community Care Charitable Trust (ACCCT). This transfer followed a decision of the ACCCT board to wind up the company, with all assets transferring to the Council on 19 July 2019.

All expenditure associated with HRA properties 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 2019/20, the transfer of a net deficit of £1.114m resulted in HRA balances of £3.096m at 31 March 2020.

The Housing Capital Programme reported gross expenditure of £14.162m, representing slippage of £6.492m against a budget of £20.654m. The most significant areas of HRA capital expenditure (on a gross basis) undertaken during the year included:

- £8.4m on new council housing provision;
- £0.5m on heating installations / replacements;
- £1.2m on energy saving measures;
- £1.6m on kitchen replacements;
- £0.8m on bathroom replacements;
- £0.5m aids and adaptations; and
- £0.4m on conversions.

Slippage mainly arose within the programmes for: new build (£2.842 million) heating installations / replacements (£0.598 million); energy savings (£1.964 million); bathroom replacements (£0.551 million); and garage improvements (£0.278 million).

## **12. 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 2019/20 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 2019/20 financial year the main usable reserves and their balance at 31 March 2020 are shown below together with the equivalent balances at 31 March 2019.

Fig. 4 Usable Reserves

	Balance As At 31/3/20 £m	Balance As At 31/3/19 £m	Movement £m
General Fund	37.369	31.371	5.998
Housing Revenue Account	3.097	4.211	(1.114)
Capital Fund	1.519	1.521	(0.002)
Renewal and Repairs Fund	2.193	2.319	(0.126)
Insurance Fund	1.338	1.346	(0.008)
Usable Capital Receipts	0.458	1.524	(1.066)
Unapplied Grant	1.805	3.299	(1.494)
<b>Total</b>	<b>47.779</b>	<b>45.591</b>	<b>2.188</b>

The General Fund Reserve 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 Reserve is £37.369m as of 31 March 2020 which includes £0.518m held on behalf of Angus schools under the Devolved School Management (DSM) Scheme. Car Park Reserve of £0.356m, Arbroath Harbour Reserve £0.168 and Specific Reserves £0.229m. This leaves a net General Fund Reserve of £36.098m. Some £34.768m of this net General Fund Reserve is committed as follows:

Fig. 5 Committed General Fund Commitments

	£m
Working Balance/Contingency (per existing policy)	4.880
Applied in 2020/21 Budget Setting (report 88/20 refers)	4.671
Future years reserve strategy (report 88/20 refers)	2.500
Saving on debt charges, used for informing discussions/decisions on the 2020/21 budget setting process (committee report 64/18 refers)	1.042
Earmarked Grants which will be used in 2020/21	7.171
Earmarked monies (including 2019/20 Re-determinations & Prior Year carry forwards) which has been identified for use in 2020/21 and future years	5.325
Proposed 100% Revenue Budget Carry Forwards (report 211/20 refers)	2.590
Change Fund (committee report 83/14 refers)	1.161
Affordable Housing Revenue Account	3.144
Investment Projects (approved as part of 2019/20 budget setting)	1.363
Tay Cities Deal Fund	0.500
Participatory Budgeting	0.421
<b>Total Committed Within General Fund Reserve</b>	<b>34.768</b>

Once this committed balance has been removed from the net General Fund Reserve, the Council has an uncommitted balance of £1.330 million at 31 March 2020. This uncommitted balance position is after allowing for an earmarked contingency sum of around 1.8% of the net revenue budget (£4.9 million) and it is considered prudent to continue with this position to address any significant one-off issues (e.g. COVID-19 impacts) 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. As part of the 2020/21 budget setting the Council adopted a 3 year reserves strategy intended to support balancing the budget over the next 3 years, report [88/20](#) refers.

The Repairs and Renewals Fund Reserves at 31 March 2020 represent £2.193 million; Property £0.601 million; Information Technology £0.405 million; Roads & Transport £0.105 million; Parks & Cemeteries £0.136 million and £0.946 million 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.

### 13. Balance Sheet

The Balance Sheet represents a snapshot of Angus Council's overall financial position on 31 March 2020. It brings together the year-end balances of all Angus Council's accounts and presents money owed to and by the Council, assets owned and the balances and reserves at the Council's disposal. The overall net assets of Angus Council have increased by £42.801 million from £499.557 million in 2018/19 to £542.358 million in 2019/20.

The main reason for this increase was due to non-current asset revaluations and the transfer in of assets which were previously managed under ACCCT.

### 14. 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 104 to 115.

### 15. 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. 6 Financial Indicator Commentary

Financial Indicator	2019/20	2018/19	Purpose
Uncommitted General Fund reserve (incl contingency) as a proportion of annual budgeted net expenditure	2.2%	3.4%	Reflects the level of funding available to manage financial risk/unplanned expenditure
Movement in the uncommitted General Fund balance	(£6.164m)	£4.616m	Reflects the extent to which the Council has increased/(decreased) its uncommitted General Fund Reserve
Council Tax – in Year Collection Rate	97.4%	97.6%	Demonstrates the Council's effectiveness in collecting council tax debt
Ratio of council tax income to overall level of funding	20.0%	20.0%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income
Capital Financing Requirement	£274.478m	£286.569m	Measurement of requirements to borrow for capital purposes
External debt levels	£269.241m	£276.176m	Actual borrowing for capital investment purposes
Ratio of financing costs to net revenue stream	10.7% (GF) 8.8% (HRA)	11.6% (GF) 8.6% (HRA)	Measurement of the extent of council's funds available to fund borrowing costs

## 16. Council Performance

Key Council Achievements, report, 267/20 Angus Council Plan Annual Performance Report, was taken to Angus Council in November 2020, a few of these achievements are listed below:

### 16.1 Economy

- Tay Cities Deal – We have continued to develop projects and business cases under the Tay Cities Deal as well as develop the Regional Economic Strategy Action Plan with other Tay Cities partners.
- Sectors - Working with councils across the east of Scotland, together with the three key offshore wind developers of EDF, SSE Seagreen and Red Rock Power, we supported the establishment of the Forth & Tay Offshore Cluster – one of only two in Scotland. We also took the lead in local supply chain development activity producing a capability matrix and online searchable database of 190 businesses, 36 of them from Angus to support sector procurement. We worked to support Montrose Port secure the contract to become the Operations and Maintenance base for the Seagreen offshore wind field, 27km off the Angus coast.
- More Joint Ventures – We began a review of our development land and industrial property to help us identify potential opportunities for working together with the private sector to expand our commercial portfolio to meet growing business demand. Our occupancy rate over 19/20 sat at 92% an increase year on year since 2015 of 80% and sustaining the average occupancy rate of 92% from 2018/19. This review will form part of a 10 year Land & Property Strategy due in 20/21.
- The Skills Team delivered 3 Skills Development Scotland contracts in 2019/20, Employability Fund Stages 3 and 4 and Modern Apprenticeships in Business and Administration. We completed our Modern Apprenticeship contract of 10 in 19/20 an increase of 10 places on previous year supporting employers and Angus Council departments. Our Employability Fund contract was reduced by 7 in 2019/20 due to more providers in the area but we completed our allocation of 35 places. We supported 16 employers with an In-Work Training Allowance through funding from No One Left Behind for the benefit of unemployed residents in Angus who met eligibility criteria and have barriers to employment. Through our Personal Development Fund, we supported 39 Angus residents with training and barrier removal to enable them into employment. We also delivered 7 World Host Principle of Customer Care workshops upskilling 69 people in customer service techniques from employers, employees and Angus secondary school pupils.

### 16.2 People

- Early Learning and Childcare –. We commenced work on new early learning and childcare centres in Carnoustie and Forfar.
- We used the Attainment Challenge Fund for Looked After Children to design a team to improve inclusion in schools; Angus Inclusion Service. Since starting in October 2019, we have had 3 Inclusion Support Workers working with 22 young people across the community, at home and in school.
- We introduced the SQA Work Placement Unit at level 5 to the Angus Works Programme (AWP) which was pre-approved for schools. Schools are invited to use the resources, evaluations and the applications to put the young people who undertook the 13-week placement forward for this award.
- Mini Angus Works (MAW) was developed which provides a shorter more supported programme where young people are referred when applying for AWP, or by schools and/or colleagues in social work. This may be due to them having additional support needs, social and emotional needs or identified as looked after/ young carer. Mini Angus Works 2020 saw 32 referrals over 16 areas of the council. These young people can also be put forward for the SQA Work Placement Unit at level 4 award which was pre-approved for schools



### 16.3 Place

- Recycling: A review of recycling centre provision in Angus and the resultant removal of general waste skips from four out of seven recycling centres in February 2019 resulted in a significant increase in the recycling rate achieved, from 52.79% for the year March '18-February '19 to 65.12% for the year March '19-February '20. We have continued to promote recycling at home via a range of channels.. This has helped to sustain us as one of the best performing recycling councils in Scotland
- Car Parking Charges Since the reintroduction of car parking charges to our main car parks in Angus in November 2018, we have been monitoring their usage and behaviours of users. This has allowed us to introduce a range of modifications to the system, including introducing cash payment meters and additional options for parking permits, and changing the periods for parking in short-stay car parks. However, the usage of the car parks and hence the funds raised has not been at the predicted levels. This has required budget management to minimise the impact on the costs of maintaining our roads assets and transportation services.
- Active Travel Hub - Angus Council was successfully awarded £306,500 from the European Regional Development Fund (ERDF) and Transport Scotland Low Carbon Travel & Transport Challenge Fund (LCTT) to develop an Electric Charging Hub based at Orchardbank, Forfar. The hub consists of an EV Charging Hub including 4 rapid, 3 fast and 2 slow EV charging points and 28 new parking spaces. Work was delayed but now scheduled for completion in early 2021.
- Public Transport - The Real Time Information – Bus Service project provided efficiency and savings benefit by changing the current radio-based system using aerials on bus stops and buses to a system utilising digital technology. A chip was installed at each bus shelter by 31 March 2019, with a feed allowing the on-bus ticket machines and bus shelters to transmit real-time information between each other. 90 displays were upgraded at bus shelters to make this information available. The use of real-time information decreases the perceived and actual wait times for passengers and improves satisfaction. Over a two-year period, this project has saved £30,000
- Community Empowerment – we committed to investing in a new approach to community participatory budgeting. In Angus this was badged as 'Choice for Angus'. In total 144 groups across Angus were involved in developing projects/proposals for a share of £200,000. 144 proposals were received totalling £684,198.23 with suitable projects then being put forward for online voting and token voting at venues across Angus. As a result of the voting process, 71 projects received full funding and 4 projects received part funding all relating to 'Reducing Child Poverty.

### 16.4 Our Council

- It was agreed by the Corporate Leadership Team that implementation of changes to terms and conditions affecting pay should be postponed and further reviewed in 2022. Health and well-being policies that were developed as part of the overall package of changes were however consulted upon and agreed for implementation following consultation with trade unions.
- Zero Based Budgeting - We reviewed how we currently resource services and took a zero based budgeting approach to scrutinise spend in every service. This approach is examining every budget line to realise a 2019/20 savings target of £2.4 million.
- How Good is Our Council? – To assure appropriate accountability for performance and outcomes we introduced How Good is Our Council. We started rolling out self-evaluation and training to all services to ensure we are a performance-led organisation. This work continues in 2020/21.
- To achieve our goal of being a more commercial organisation and to also reduce our estate even further we invested in an assistant paralegal post officer in our legal team to progress property title and sales as

well as an officer in the assets team whose sole purpose is to bring surplus properties to market for rent or sale as may be appropriate

- As part of our work to increase our employee engagement, we have introduced a suite of tools which include Peer-to-Peer recognition where colleagues are able to recognise the great work of others. This has been a very popular feature, with 959 high fives being given between November (when the system was introduced) to the end of March there have been 959 high fives given; a virtual suggestions box where colleagues are able to submit anonymous suggestions for changes and improvements, or even just give feedback; and Employee Voice was created to provide a forum which gives colleagues the opportunity to hear about and shape future organisational initiatives.

## **17. Looking Forward**

### **17.1 Operating Principles**

The Council's updated Council Plan 2019 – 2024 acknowledges reducing budgets and increasing demand for services and outlines work planned for the coming year. The updated plan reaffirms our commitment to our four strategic priorities. We want:

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

This update demonstrates the council's continued commitment to shift focus to working more closely with our residents, our communities, our businesses – our people – putting them at the heart of everything we do.

Our strategic priorities are strong and focused on outcomes. The updated plan highlights new opportunities, policy and prioritisation of our resources. This includes the signing of the heads of terms of the Tay Cities Deal and a clearer recognition that Angus takes climate change seriously. We aim to minimise the environmental impact of our actions and as a result we will again invest in some additional short term resources to increase economic growth, reduce demand for complex, high-cost interventions and at the same time improve outcomes for vulnerable families.

In our initial plan published last year we detailed what we were changing and why. In October 2019 we reported on our numerous successes, some of which are shown in sections 16.1 to 16.4 above, demonstrating that those changes are already delivering efficiencies and improvement. We will continue to build on these.

During 2019, every service in the council was challenged to examine its purpose and worth. They were challenged to come up with a 'Why' – the reason it exists as a service to the public. This is because, like most businesses, we tend to focus on the 'what' and the 'how' of our work and we needed to get back to 'why' we do things. These 'why' statements have helped us to focus on what is important to us and our customers and helped us prioritise our true purpose as a public service.

### **17.2 Operating context**

The services the Council provides remain essential but the delivery of these has been impacted by COVID-19 and we are now reviewing our future approach to service delivery in light of the pandemic as part of our Recovery and Renewal phase. This will include reviewing new legislation the implementation of which has in some cases been delayed due to COVID-19.

The Accounts Commission's Local government in Scotland Overview 2020 issued on 23 June 2020, summarises the key challenges and performance issues faced by councils. [This report](#), whilst prepared before the COVID-19 pandemic hit, contains messages which will be useful for public bodies to consider in the recovery process. The Council's Scrutiny & Audit Committee will be formally considering the terms of this report during August 2020.

### 17.3 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). In a recent report Audit Scotland commented "Funding from the Scottish Government to local government between 2013/14 and 2018/19 decreased by 7.6%. Scottish Government funding across other areas decreased by 0.4% over the same period, demonstrating that local government funding has undergone a more significant reduction than the rest of the Scottish Government budget over this period".

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) [\[report 288/19\]](#) covers the period to 2022/23. The projected funding gap identified in that Strategy continues to be one of the biggest challenges that the council faces in the next few years. The projected gap will be addressed primarily through the Council's Change Programme and from the new use of reserves strategy. The figures previously reported in the documents mentioned above have since been updated as part of the revisions to the 2020/21 revenue budget and the updated position is set out in the table below (Fig. 7). As highlighted in section 2 a revision of 2020/21 budgets was undertaken to address the ongoing impact COVID 19 is currently estimated to have on the Council's finances, report 211/20

The Change Programme was also reviewed as part of the budget revision process and is budgeted to deliver £9 million of savings in financial year 2020/21. In addition to this it is estimated that the programme will achieve savings totalling £16.3 million over financial years 2021/22 and 2022/23. This is not sufficient at present to address the projected funding gap identified in the table below.

Fig. 7 Comparison of Estimated Funding Gap and Estimated Savings from Change Programme

	2021/22 £m	2022/23 £m	2 Year Total £m
Projected Funding shortfall	13.4	11.0	24.4
Estimated Savings From Change Programme	(7.7)	(8.6)	(16.3)
Estimated use of uncommitted general fund balance per proposed use of reserve strategy	(1.5)	(1.0)	(2.5)
<b>Remaining Funding Gap</b>	<b>4.2</b>	<b>1.4</b>	<b>5.6</b>

It is however important to note the role that Council Tax increases can play in reducing or potentially eliminating the remaining funding gap in figure 7 above. For example if the Council ultimately agreed Council Tax increases in 2021/22 and 2022/23 at the maximum level allowed for 2020/21 of 4.84% this would yield more than £5.3m in additional income which would almost be sufficient to close the remaining gap identified above. In the event that Council wishes to pursue lower Council Tax increases in each of the next 2 financial years additional savings in budgets may need to be found beyond those currently identified. These matters will be considered further in the next update to the Council's Medium Term Budget Strategy.

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 2018/19. Key messages from this report include:

- Scottish Government revenue funding remains the most significant source of income and this increased by 1.1 per cent in cash terms in 2018/19, a 0.7 per cent decrease in real terms. Since 2013/14, Scottish Government funding to councils has reduced by 7.6 per cent in real terms.
- In 2018/19, council's managed funding gaps of three per cent of total budget. Councils planned to manage this primarily through savings though a shortfall in savings achieved meant that more of the funding gap was met from reserves than planned.

- Councils are increasing drawing on their revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Twenty three councils have reduced their general fund reserve over the last three years.
- Capital expenditure increase by £62 million (2.3 per cent) to £2.75 billion, with more spent on housing and less on Education.
- Councils have made preparations for EU withdrawal but there are many potential implications that cannot be anticipated in financial planning.

The financial context for the Council into future years remains an exceptionally challenging one and the position has been made worse by COVID-19 albeit the extent of that is still emerging. Nevertheless 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.

#### Future risks & uncertainties

The principle risks and uncertainties facing Angus Council specifically shown through the corporate risk Dashboard taken to Scrutiny & Audit committee on 24<sup>th</sup> September 2019, report 311/19 refers, this identifies risks to the Council, in addition to financial sustainability, as being:

- IT Resilience, interruption of service or inability to provide IT services due to loss of the data centre. Work is being done around the Recover Time Objectives & the implementation of Office365 will improve resilience for all services.
- Health & Safety Compliance, additional controls/actions are being put in place to reduce the likelihood of the council not fully complying with Health & Safety at Work legislation.
- EU Exit, there is continued uncertainty around the negotiations around a deal to leave the EU. A full review has been undertaken of the national planning assumptions, aligned to the council's approach and a number of controls exist within the Council around this risk.

## 18. 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.

The impact of COVID 19 onto the Council's finances in 2020/21 and beyond has though created significant uncertainty with regard to sufficiency of budgets in some service areas and the delivery of the Change Programme. This will necessitate increased scrutiny and review of Council finances on an ongoing basis.

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 November 2020

Councillor David Fairweather  
Leader of the Council  
24 November 2020

Ian Lorimer  
Director of Finance  
24 November 2020

## Annual Governance Statement 2019/20

### 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; and
- ensuring that appropriate arrangements are in place for the management of risk.

To this end, the Council has approved and adopted a Local Code of Corporate Governance (the Local Code). 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](http://www.angus.gov.uk).

This annual governance statement explains how the Council has complied with the terms of the Local Code for the year ended 31 March 2020. 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.

### COVID-19

During March 2020, towards the end of the 2019/20 reporting period relating to this Annual Governance Statement, the Council was required to initiate an emergency response to the COVID-19 pandemic. By necessity this has involved significant changes and disruption to the manner in which Council services are normally delivered – some services have stopped entirely, others have been under immense strain due to increased demand, and some new services have been established with pace and urgency to respond to the needs of our citizens, communities and businesses in need.

As a direct result of this, changes to existing strategic and operational governance arrangements, along with some new governance arrangements have been deployed as part of our response. This has included special and robust measures to support proper decision making and continued democratic accountability. These changes were considered and agreed by full Council at its meeting on 3 April 2020, included in a suite of reports as follows:

- [Report 121/20](#), [Appendix 1](#), [Appendix 2](#) – the report sets out proposed arrangements to be put in place in terms of decision making at council and committee level in light of the COVID 19 pandemic and also proposes extending the delegated authority of certain Officers, until such time as it is deemed to be appropriate to revert back to the current Scheme of Delegation and the Orders of Reference of Committee.
- [Report 122/20](#) – the report informed members of the actions taken by the Chief Executive in response to the COVID-19 pandemic.
- [Report 123/20](#) – the report sought Council approval to some additional temporary delegations regarding finance and procurement activity to allow urgent business to be conducted and to maximise the ability of the Council to respond to current and emerging COVID-19 issues.

- [Report 124/20](#) - the report sought to provide an update on the actions of Angus Council in preparation, readiness and the ongoing response to the COVID-19 Pandemic.
- [Report 126/20](#) – the report advised Council of the financial support and resilience arrangements being put in place nationally to help local people, businesses and our key suppliers and seeks approval of a number of local support measures to complement those national arrangements.

A key part of maintaining assurance in relation to the ongoing procedure and policy matters during the pandemic has been provided by the Council's emergency management and disaster recovery governance arrangements. These have been delivered through regular Bronze (operational), Silver (tactical) and Gold (strategic) meetings. Records of these meetings are available to provide a full audit trail of decision making. These have also been reflected in the Council's ongoing Sitrep reports which have been issued to all the Council's elected members throughout the pandemic.

A number of aspects of the impact of our response to COVID-19 are also reflected in the 'Annual Review of the Governance Framework' below. This also includes an extract of review information from the Internal Audit Annual Report (2019/20) prepared by the Council's Service Leader Internal Audit, providing an independent audit view of the Council's response.

### **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 2019/20:

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

The interim committee arrangements detailed under the COVID 19 heading above should also be noted.

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; and
- 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, reflected previous changes to the Council's management structure and legislative changes at that time ([Report 146/19](#)). Currently there is comprehensive review being undertaken through a Governance Member and Officer Working Group which is meeting regularly.

### 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 (Director of Finance), is involved in the development of all strategic and financial policy matters and has direct access to all elected members. They report directly to the Chief Executive on all matters including their statutory role. For the year under review (2019/20), the Chief Financial Officer was able to fulfil the requirements of the role through the arrangements which existed.

The Council's Monitoring Officer (Director of Legal & Democratic Services) 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. 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 postholder of this position changed during the course of the 2019/20 reporting period and the current position is being filled on an interim appointment basis.

The Council's Chief Social Work Officer (CSWO) (Director of Children, Families & Justice) is responsible for providing effective professional advice to elected members and officers in the authority's provision of statutory social work duties. The CSWO also provide professional governance and leadership in the delivery of social work and social care services. The role of CSWO complies with revised guidance issued by Scottish Ministers in July 2016. The CSWO's annual report details the arrangements that are in place within Angus to allow the CSWO to fulfil this role and provides assurance to elected members as to the governance of statutory social work services in Angus. The CSWO assurances cover all social work services, including those that come under the responsibility of the IJB. The CSWO's 2019/20 annual report will be submitted to Council in October 2020. The 2018/19 annual report ([Report 349/19](#)) 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 contractor. The service is led by the Service Leader Internal Audit, who reports on a functional basis to the Scrutiny & Audit Committee. The Service Leader Internal Audit reports in their own name, retain final edit rights over all audit reports and provide the Scrutiny & Audit committee with an annual report on governance, risk and internal control.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). As required by PSIAS, an external quality assessment was due to be undertaken before the end of 2019. This was delayed by late finalisation of the peer review process through which the assessment is being made. The self-assessment submitted in March 2020 as part of the process confirmed the service is compliant with PSIAS. The Covid -19 pandemic has however further delayed completion of the external assessment. These delays mean that there is a minor non-compliance with PSIAS in relation to not having an external review undertaken within five years of the previous external review.

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. The Head of Internal Audit is the Service Leader Internal Audit within Angus Council. A review of the organisational and Head of Internal Audit responsibilities under the Principles within the guidance confirms that the Council and Service Leader Internal Audit comply with the Principles. A detailed self-assessment, reported to Scrutiny & Audit Committee in November 2019 ([Report 387/19](#)), identified a small number of areas where actions could be taken to further strengthen the internal audit planning process and audit involvement in changes to systems and policies. These are included as part of other operational improvement work relating to risk management and the use of Pentana (the Council's performance management system).

The Counter-Fraud Team (CFT) is a specialist resource which reports to the Service Leader Internal Audit and operates within Strategic Policy, Transformation & Public Sector Reform Directorate.

Angus Council acknowledges its responsibility for ensuring the risks and negative impacts associated with fraud are managed effectively and any allegations of fraud and corruption are investigated by CFT staff in partnership with Council colleagues where appropriate. The continued work of CFT plays a key role in the Council's response to the risk of fraud and corruption.

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 (Report 159/20). During 2019/20 the Team Leader Counter Fraud also developed on-line counter fraud training that was made available to all Council staff through Always Learning.

All of the allegations investigated during 2019/20 were of low financial value or non-cash related and none has had a material impact on the Council's financial standing. [Report 386/19](#) in November 2019 and [Report 160/20](#) in June 2020, both to the Scrutiny & Audit Committee, contain 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 included a review of cash handling procedures and controls across the Council. The review concluded the systems in place provided substantial control assurance.

### **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 directorate;
- 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; and
- 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 as part of their Internal Audit Annual Report 2019/20 ([Report 162/20](#), [Appendix 1](#)).

Their review of 2019/20 included the opinion that:

*“6. In my professional judgement as Service Leader Internal Audit, notwithstanding the delays caused in completing work due to the impact of the Covid-19 pandemic, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.*

7. 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.

8. The internal audit work of the year has identified a number of areas of good practice and good internal control. Significant improvement has continued to be made in addressing implementation of internal audit recommendations. A number of level 1 recommendations have again been made with the more material findings highlighted later in this report."

The conclusion from the review activity outlined above is that in 2019/20 the Council continued to demonstrate that the governance arrangements and framework within which the Council operates are sound and operating effectively.

## Improvement Areas

The annual review process identified the following areas where improvements have been made during 2019/20, or where further improvements are planned for 2020/21 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 2018/19 Annual Governance Statement was reported to the Scrutiny & Audit committee in June 2020 (Report [164/20 Appendix 1](#)).

- The Local Governance Review (LGR) is a Scottish Government and COSLA led joint initiative which 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. As part of the ongoing developments of the LGR, Angus Community Planning Partnership have continued to provide comprehensive responses to the Local Governance Review working groups and has been working with the Improvement Service through the Community Planning Improvement Board to explore new ways of working with communities. This new way of working has included exploring demand management and community wealth building.
- The Fairer Scotland Duty (Part 1 of the Equality Act 2010), 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.

To date in Angus, Fairer Scotland Duty assessments are completed in a manner that is compliant with the Council's duties under the legislation. An integrated Fairer Duty Assessment template is being developed as part of a Lean review of the Council's entire committee process which will be digital and more efficient in exploring impacts to communities and the people of Angus. While this work has been progressed to an advanced stage, its completion has been delayed due to COVID-19 pandemic work currently taking priority.

It is however planned that, in due course, training in the new template and process will take place once the work is complete. That training will include support for improving the current approach to completing Equalities Impact assessment (EIA) and Fairer Scotland Duty implications which need to be highlighted. [NEW ACTION – AC-CGOV-00038](#)

- The [Council Plan 2019-2024](#), [Finance & Change Plan 2020](#) and [Workforce Plan 2020](#) were approved by full Council in February 2020. These documents set out the Council's strategic direction, vision and priorities, along with planned changes to demonstrate how the available resources are being targeted towards delivering and improving outcomes for the citizens and businesses of Angus. These are to be reviewed to assess the impact of the COVID-19 pandemic on the approach set out at that time.
- The Council is operating in a challenging climate, with reducing resources and increasing expectations. This position is actively monitored and managed by Directorate management teams and by the Corporate Leadership Team. The associated risks are included as part of the revised Corporate Risk Register ([Report 15/20, Appendix 1](#)), which was considered by the Scrutiny & Audit Committee in January 2020. These risks are to be reviewed to assess the impact of the COVID-19 pandemic.
- The Council's Change Programme has been running since June 2017. It has delivered savings of £9.632m in 2018/19, savings of £9.975m in 2019/20 and planned to achieve a further £10.244m savings which was used in

setting the 2020/21 balanced budget position. The [Finance & Change Plan 2020](#) includes a full list of the future Change Programme savings and areas of specific investment which will contribute to delivery of the Council's outcomes. 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 – many are intended to make improvements. The most recent Change Programme update was considered by the Policy & Resources Committee on 1 September 2020 ([Report 208/20](#) and [Appendix 1](#) refer). That report highlights the impact the COVID-19 pandemic has had on the original 2020/21 targets, along with recovery plans.

- As the Council changes while managing this alongside business as usual activity, risk requires to be considered, addressed and reviewed continuously. An updated [Risk Management Strategy](#) was approved by the Policy & Resources committee in January 2019. An in-depth review of the corporate risk register was undertaken and agreed by the Corporate Leadership Team during 2019. The Council's [updated Corporate Risk Register](#), along with a new [Risk Management Step by Step Guide](#) and [Detailed Reference Guide](#) were considered and agreed by the Scrutiny & Audit Committee in January 2020 ([Report 15/20](#)).

Internal audit reviewed risk management arrangements during 2019/20 and concluded that risk management arrangements were revised during 2018/19 and rolled out and embedded during 2019/20. Whilst there is still further work to be done, the new arrangements are working well at a corporate level to share and integrate risk priorities across the Council whilst supporting services to be more accountable and responsible for all aspects of risk underpinning their business objectives ([Internal Audit Annual report 2019/20](#), Report [162/20](#)). A specific risk register item for COVID-19 response has also been developed.

- 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 strategic action plan to address required improvements that were identified was agreed by the Corporate Leadership Team during 2019.

The key actions identified in the strategic action plan have now been progressed which includes the provision of an updated Health & Safety Policy for the Council. This is a significantly revised version which meets the necessary standards, including compliance with the Health & Safety Executive's management system which is the HSG65 (revised) model of plan, do, check and act. The progress with this work is being monitored and a number of identified operational actions have to be concluded. This is partly due to the ongoing situation with COVID-19 pandemic. Progress will be monitored at such times as these activities can resume.

- In the final quarter of 2019/20, the results of an Angus Health & Social Care Partnership (AHSCP) whistleblowing investigation were shared with the Chief Social Work Officer (CSWO). A number of actions were identified for progression by the AHSCP management team. A specific point regarding the complexity of operating two separate organisations' whistleblowing policies in an integrated service delivery context with multi-professional teams and leadership routes emerged. The Council is reviewing the existing policy and guidance in the context of integration. [NEW ACTION AC-CGOV-00044](#)
- Business Continuity Plans have been fully reviewed and updated. This is undertaken as a minimum on an annual basis. This has included a full review of IT requirements and recovery time objectives. A training and exercising programme and action plan is also in place.
- Angus Council are currently 'Cyber Essentials' accredited and PSN compliant until June 2020. Work is being progressed on the assessment for next year's PSN compliance and expect to achieve this in June 2020. We do not anticipate renewing Cyber essentials accreditation as advised by Scottish Digital Office as this is of marginal incremental benefit to local government.
- All Emergency and Resilience Plans have been reviewed and updated where required. This is undertaken annually as a minimum requirement. Updated versions are on ResilienceDirect and, where applicable, on the Council website. Angus Council also remains an active and participatory member of the Regional Resilience Partnership, and Tayside Local Resilience Partnership in the planning and preparation for the response to and recovery from major incidents and emergencies. This has played a significant part in the Council's response to the COVID-19 pandemic.

- The Scheme of Delegation to Officers, which forms part of the Council's core constitutional documents, was updated in May 2019 ([Report 146/19](#)). A further review is on going through a Member and Officer Governance Working Group.

Further work was undertaken during 2019/20 to review and update any operational sub-delegations required to ensure that across the Council these reflect the current management structure and operational arrangements. It has been identified during the course of this year's annual review of the governance framework that further improvement work is still required. [CONTINUE ACTION – AC-CGOV-04](#)

- 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. The last Progress Update Review was submitted in September 2018 and the next submission is June 2020. 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. It was highlighted last year that options to address this risk are being discussed with Angus Alive. This continues to be the position while Angus Alive consider these long term storage requirements, alongside a broader initiative to improve our current approach. In the interim, archive storage arrangements are being actively managed in an appropriate manner. [CONTINUE ACTION – AC-CGOV-05](#)
- In 2019, seven data protection breaches were reported to the Information Commissioner's Office (ICO). No formal action was taken by the ICO but the ICO do make recommendation for each report. 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. It has been identified during the course of this year's annual review of the governance framework that further improvement work is required. [NEW ACTION – AC-CGOV-00039](#)
- Freedom of Information (FOI) requests continues to increase - a further 8% increase during 2019. 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 and digitised. This was examined along with the complaints handling process and priority was given to progress the complaints module, which is now approaching completion. Work will then be progressed on the FOI module. [CONTINUE ACTION – AC-CGOV-06](#)
- The Council operates the Scottish Public Service Ombudsman's (SPSO) complaints handling procedure for local authorities. During 2019/20, only 60.6% of stage 1 complaints and 51.1% of stage 2 complaints were closed within the target timescales set by SPSO guidance (5 working days for stage 1, 20 working days for stage 2). Further detail is included in [Report 207/20](#) and [Appendix 1](#) to the Scrutiny & Audit Committee considered in August.
- Concerns were raised by internal audit relating to the performance of the Environmental Health Service in 2019. An action plan was agreed, and additional staff resources were put in place in order to address concerns around ability to deliver statutory functions. The action plan is now substantively complete. The one outstanding action which relates to rationalising the content of current guidance, policies and procedures, has been extended from July 2020 to September 2020 due to prioritising staff resource towards the Council's COVID-19 pandemic response.
- Internal Audit matters highlighted as part of last year's annual review of the governance framework also included a requirement to improve the adequacy of controls in the Council's ResourceLink system. That has now been addressed by the completion of the associated action plan. During the course of this year's audit plan, user access controls in the Northgate Housing System have also been identified as having only limited assurance. The recommendations in the Internal Audit report (Report 161/20 refers - considered by the Scrutiny & Audit Committee at its meeting on 16 June 2020) have been agreed, however development of an action plan is currently outstanding due to staff resources being prioritised towards the Council's response to the COVID-19 pandemic. Once the action plan is agreed, progress will be monitored by internal audit and reported to the Scrutiny & Audit Committee.



The identification of similar user access control issues in more than one system will be addressed by raising a new action to ensure suitable council-wide arrangements are put in place to avoid recurrence. [NEW ACTION – AC-CGOV-00040](#)

- Internal Audit have also identified limited assurance in audits relating to 'Climate Change Targets 2020' and 'Progress Towards Cashless Council'. Action plans are in place to address the areas of risk identified and progress will be monitored by internal audit and reported to the Scrutiny & Audit Committee.
- Improvement action has been identified to review the end to end process for the billing and collection of payments for adult social care. This relates to the administrative processing efficiency of the complex system that involves financial assessment staff, care managers and sales ledger staff. Some of the teams involved in the process have been the subject of organisational changes and it is considered that the system could be improved. [NEW ACTION – AC-CGOV-00043](#)
- The Scrutiny & Audit Committee were unable to carry out a self-assessment against the 'Good Practice and Evaluating the Effectiveness' checklists in the CIPFA Audit Committee guidance. This was due to the COVID-19 pandemic occurring in advance of the date arranged for the review to take place. Notwithstanding that, officers have reviewed the outcome of the previous year's assessment and incomplete actions have been carried forward. The updated summary is included in Appendix 1 of the annual report from the committee to full Council ([Report 165/20](#), [Appendix 1](#)). Progress with the ongoing actions will be monitored by the committee and reported as part of the 2020/21 self-assessment. [CONTINUE ACTION – AC-CGOV-07](#)
- The Scrutiny & Audit Committee's Scrutiny Panel review into Parking Charges was reported to the Scrutiny & Audit Committee in December 2019 ([Report 384/19](#), [Appendix 1](#)). The report highlights the need for fuller options appraisals and associated information to be presented that will allow informed discussions by elected members. It also highlighted a need for more rigorous challenge by elected members where necessary. Consultation exercises should be included when there is significant impact to the public and further transparency of decision making processes. The action plan was agreed and this will be followed up and reported to the Scrutiny & Audit Committee in November 2020.
- 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. The 2019/20 internal audit plan included a review of the Tay Cities Deal to be undertaken in conjunction with the internal auditors of the partner councils, however this has been delayed. An Audit Scotland report on Scotland's City Region and Growth Deals was however shared with the Scrutiny & Audit Committee in January 2020 and this included the Angus position in relation to the scrutiny tool checklist for Councillors ([Report 69/20](#), [Appendix A](#), [Appendix B](#)).

A further 'exempt' report was subsequently considered by full Council relating to closing the deal. Tay Cities Deal partners continue to liaise with both governments to ensure the deal is signed off. Project governance arrangements are agreed and robustly framed around developing Strategic Business Case, Outline Business Case and Final Business Case documentation for consideration and agreement at appropriate bodies.

- A Brexit officer group was established in December 2017. A number of update and information reports have been submitted to the Policy and Resources Committee. 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. A Brexit Officer was appointed in December 2019, on a temporary contract, funded by Scottish Government.
- In terms of the Council's emergency response to the COVID-19 pandemic, the Councils Service Leader Internal Audit has included the following in the 2019/20 Internal Audit Annual Report:

*"My overview of the Council's response to the pandemic has provided good positive assurance about our disaster recovery planning in practice, managers' awareness of the need to maintain good governance in change, and risk management arrangements. There are good examples of innovations, partnership working, new business processes and solutions, and new technology being embraced in order to deliver services to the community in the Council's role as a Category 1 responder to carry out the*



*following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements, new ways of decision-making, leadership and implementation of virtual meetings, conference calls, and systems remote access. The Council has already carried out a review of how the emergency centre has functioned and another is planned. A number of management fora have also considered lessons identified. Further reviews within services will undoubtedly take place at an appropriate time during 2020 to highlight any further lessons identified for the future."*

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 (both [CONTINUE ACTIONS](#) and [NEW ACTIONS](#)) in this annual governance statement are detailed in Appendix 1. Progress will be reported to the Scrutiny & Audit Committee in January and June 2021.

### **The former Lochside Leisure Centre**

Mr Donald Stewart and Mr Mark Guild challenged by way of a judicial review, the decision that elected members took, sitting as Full Council on 7 February 2019, to demolish the former Lochside Leisure Centre ([Report 48/19](#) refers). The court case was heard in the Outer House of the Court of Session on 18 July 2019. The judge, Lady Carmichael, found in favour of the Council on all the seven arguments at issue. Messrs Guild and Stewart then successfully appealed this decision to the Inner House of the Court of Session.

Lady Carmichael's judgment is worth noting, despite the appeal, as on appeal there was only one matter that was considered and upheld on the day. The other issues which are outlined below sit with Lady Carmichael's judgment which was in favour of the Council.

The issues raised on behalf of Messrs Stewart and Guild and rejected by the Outer House, (and not founded upon on Appeal), are as follows:-

1. the Council did not follow Standing Orders on 7 February 2019 in relation to the report on the former Lochside Leisure Centre, **Report 48/19**. This was in terms of both the report being taken as a matter of urgency and also how this was in turn recorded in the minutes of the meeting. The judge found no procedural or process irregularity and did not uphold this challenge. This point was not taken forward and challenged on behalf of Messrs Stewart and Guild in the Inner House.
2. The second challenge was that **Report 48/19** contained factually incorrect information relating to the condition of the building. What Lady Carmichael found was that there is nothing in the way in which the information was put before Council on 7 February 2019 to support that view. Again, this point was not taken forward and challenged in the Inner House on behalf of Messrs Stewart and Guild's lawyers.
3. There were other points made on behalf of Messrs Stewart and Guild which were rejected by Lady Carmichael as a basis for judicial review. These include:-
  - that the Council had failed to comply with the statutory duty not to dispose of land for a consideration that is less than the best that can reasonably be obtained;
  - that it had failed to give proper, adequate reasons for its decision;
  - that the decision was unreasonable so far as best value considerations were concerned;
  - that it had failed to take steps - such as placing the leisure centre on the open market for sale - to ascertain what a purchaser might pay for it so had failed to take into account material considerations; and
  - that demolition was a costly option, and other options would not involve similar expenditure.

The Appeal focused on the legal requirement for public consultation and whether the Council, in deciding to demolish the former Lochside Leisure Centre, failed to comply with the terms of section 104 of the Community Empowerment Act 2015. This provision requires Councils to consult on any proposal to dispose of or change the use of any property which is "held by the authority as part of the common good" before taking any decision to do so. Lochside Leisure Centre was not held by Angus Council as part of the common good. It was bought with General Funds monies and its maintenance

costs were also paid for by the General Fund. The argument based on **the park** being common good had already been raised and rejected in the Outer House. However, on appeal, the same point was argued but on the new ground that the **building itself** was common good. It was this argument that was successful in a split decision in the Inner House. In summary a majority of the Inner House (two judges out of three) concluded that the building was common good and that the demolition of the building and return to park land was both a disposal and a change of use so that the Council did have an obligation to publicly consult in terms of this. The remaining judge strongly disagreed on both these points.

The appeal was about the complex interpretation of common good legislation, legislation which had never been considered by the courts before. The Appeal decision did not concern itself with any of the following matters:-

- the condition of the building;
- the process followed at the meeting of 7 February 2019; or
- best value considerations.

The outcome of the court decision was put before elected members at Council on 10 September 2020 in an exempt report. Although officers disagreed with the Inner House judgement and had a sound legal basis for appealing the decision on the merits of the case, it was considered that, on balance, the risks (in terms of costs and reputational damage) that an unsuccessful appeal would result in were too high when considered alongside the benefits of a successful appeal. The decision taken by Council was not to appeal the outcome to the Supreme Court and to proceed to consult on the future of the former Lochside Leisure Centre. A further report is anticipated on this matter at Council on 5 November 2020 in terms of such consultation.

There are wider ramifications of the decision which are of concern to the Council. These are:-

- All buildings on common good land are part of the common good and have been since being built, even though when built there was no intention to donate the building to the common good as was the case with Lochside Leisure Centre.
- Consequently a review of all common good assets and existing management and accounting arrangements is necessary. This is under way and will take a number of months but is intended to be concluded prior to the submission of the Council's 2020/21 Draft Annual Accounts for audit.
- A change in the Council's accounting treatment (which has historically split the land and building between the common good and general funds) is necessary and its impact may be significant on both the common good fund and the general fund.
- The public consultation requirements under section 104 of the Community Empowerment Act 2015 will apply in relation to any significant act of management in respect of any substantial building that could be considered a disposal, demolition or a change of use. This will involve an increase in process, time and costs before such acts can be carried out.
- There is already a process that requires court approval to a disposal or appropriation where common good land and common good buildings have a question as to their "alienability". There is now a wider obligation to go to court to the extent that "disposal" now includes demolition and that it will always now require to be considered for all buildings on common good land even where previously not regarded as part of common good.

In addition to the direct effects on Angus Council the Inner House judgement on Lochside Leisure Centre has national implications for the treatment of General Fund and Common Good Assets in other Councils and is the subject of review and further consideration by Audit Scotland.

## 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; and
- 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		Councillor David Fairweather
Chief Executive		Leader of the Council
24 November 2020		24 November 2020


## Annual Governance Statement Action Plan

Action Code	AC-CGOV-00038		<input type="text" value="0%"/>	Start Date	
Action Title	Equalities Impact Assessment (EIA) and Fairer Scotland Training				
Description	Develop and Implement training on the new Template			Due Date	31-Mar-2021
Latest Note					
Action Code	AC-CGOV-00039		<input type="text" value="0%"/>	Start Date	
Action Title	Data Protection Training				
Description	Improvements to the Data Protection training and Increase in completion by all staff over the coming year.			Due Date	31-Mar-2021
Latest Note					
Action Code	AC-CGOV-00040		<input type="text" value="0%"/>	Start Date	
Action Title	Develop Corporate Adequacy of Controls Action Plan				
Description	Develop action plan to address the adequacy of controls in all Corporate System.			Due Date	31-Mar-2021
Latest Note					
Action Code	AC-CGOV-00043		<input type="text" value="0%"/>	Start Date	
Action Title	Review Social Care Billing Process				

<b>Description</b>	Review the end to end process for assessing, billing and recovering payments for social care.	<b>Due Date</b>	31-Mar-2021
<b>Latest Note</b>			



<b>Action Code</b>	AC-CGOV-00044		<input type="text" value="0%"/>	<b>Start Date</b>	
<b>Action Title</b>	Review Whistleblowing Policy				
<b>Description</b>	Review the Councils existing Whistleblowing Policy and guidance in the context of integration.			<b>Due Date</b>	30-Sep-2020
<b>Latest Note</b>					


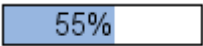
<b>Action Code</b>	AC-CGOV-02		<input type="text" value="100%"/>	<b>Start Date</b>	24-Sep-2019
<b>Action Title</b>	Risk Register Refresh				
<b>Description</b>	The refreshed Corporate Risk Register and revised risk management guidance will be submitted to the Scrutiny and Audit Committee.			<b>Due Date</b>	30-Sep-2019
<b>Latest Note</b>	The Corporate Risk Register and risk management guidance were submitted to this committee on 24 September 2019 (R311/19)				



<b>Action Code</b>	AC-CGOV-03		<input type="text" value="100%"/>	<b>Start Date</b>	01-Jul-2019
<b>Action Title</b>	Develop a Strategic Health & Safety Action Plan				
<b>Description</b>	We will develop and implement a strategic health & safety action plan to address the issues identified from the recent audit and gap analysis.			<b>Due Date</b>	31-Oct-2019
<b>Latest Note</b>	This action was completed as part of addressing the update to the Corporate Risk Register which confirms the provision of a Strategic Health & Safety Action Plan which is now in place for CLT.				

<b>Action Code</b>	AC-CGOV-04		<input type="text" value="75%"/>	<b>Start Date</b>	15-Nov-2019
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<b>Action Title</b>	Update and Review Scheme of Delegation				
<b>Description</b>	Operational schemes of delegation across the council will be further reviewed and updated during 2019			<b>Due Date</b>	30-Sep-2020
<b>Latest Note</b>	Date extended to 30 March as approved by S&A committee 16 June 2020				

<b>Action Code</b>	AC-CGOV-05			<b>Start Date</b>	03-Jun-2019
<b>Action Title</b>	Adequate Storage of Archive Documents				
<b>Description</b>	We will work with ANGUSalve to ensure adequate storage for archived documents.			<b>Due Date</b>	31-Mar-2021
<b>Latest Note</b>	Date extended to 31 March 2021 as approved by S& A Committee 16 June 2020				

<b>Action Code</b>	AC-CGOV-06			<b>Start Date</b>	14-May-2020
<b>Action Title</b>	Complaints and FOI system				
<b>Description</b>	We will develop Firmstep to provide automatic recording, monitoring and reporting of Freedom of Information requests and complaints			<b>Due Date</b>	30-Sep-2020
<b>Latest Note</b>	Date extended to 30 September 2020 as approved at S&A Committee 16 June 2020				

<b>Action Code</b>	AC-CGOV-07			<b>Start Date</b>	02-Sep-2019
<b>Action Title</b>	Scrutiny & Audit Action Plan				
<b>Description</b>	We will monitor progress in completing the Scrutiny & Audit Committee action plan.			<b>Due Date</b>	31-Mar-2021
<b>Latest Note</b>	Date extended to 31 March 2021 as approved by S&A Committee 16 June 2020				



## Angus Council Remuneration Report 2019/20

### 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 2019/20 the salary for the Leader of Angus Council is £34,944. 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 (£26,208). 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 £289,570 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 2019/20 was for the Conveners of the "main" committees to have salaries of £23,585 and the Vice Conveners of the "main" committees to have salaries of £20,527.

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](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](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:-

[http://www.angus.gov.uk/media/councillors\\_expenses\\_2019\\_2020](http://www.angus.gov.uk/media/councillors_expenses_2019_2020)

### **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 2019/20 of the posts which are classed as senior employees of the Council.

**Table 1**

<b>Post</b>	<b>2019/20 Salary £</b>
<b>Senior Management – Angus Council</b>	
Chief Executive	134,026
Depute Chief Executive	117,380
Director of Education & Lifelong Learning (Chief Education Officer)	93,080
Director of Communities	93,080
Director of Children, Families & Justice (Chief Social Work Officer)	93,080
Director of Infrastructure	93,080
Director of Finance (Section 95 Officer)	96,814
Director of Human Resources, Digital Enablement, Information Technology & Business Support	93,080
Director of Strategic Policy, Transformation & Public Sector Reform	93,080
Director of Legal & Democratic Services (Monitoring Officer)	93,080

<b>Subsidiary Body: ANGUSalive</b>	
Chief Executive	93,080

**Notes**

- From 01<sup>st</sup> April 2019 a new council structure was implemented resulting in a change to the Senior Management. The Senior Management now consists of the Chief Executive, a Depute Chief Executive, which replaced 2 Strategic Director posts, and 8 Directors of Service with these Directors replacing the former Head of Service posts.

# 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 2018/19 and 2019/20 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 with The 2014 Regulations.

Table 2 below discloses the number of relevant exit packages agreed during 2019/20 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	
	2019/20	2018/19	Compulsory		Other		2019/20	2018/19	2019/20	2018/19
£			2019/20 £	2018/19 £	2019/20 £	2018/19 £				
Up to 20,000	7	25	59,975	0	0	157,414	77	26,794	60,052	184,208
20,001 – 40,000	2	11	30,000	0	0	135,060	36,123	166,638	66,123	301,698
40,001 – 60,000	1	2	0	0	10,880	0	45,795	104,870	56,675	104,870
60,001 – 80,000	1	4	0	0	0	61,039	67,340	213,883	67,340	274,922
80,001 – 100,000	0	0	0	0	0	0	0	0	0	0
100,001 – 150,000	1	3	15,793	0	0	56,955	90,687	288,507	106,480	345,462
150,001 – 200,000	1	3	0	0	19,585	47,851	147,208	438,447	166,793	486,298
200,001 – 300,000	0	1	0	0	0	30,000	0	234,164	0	264,164
300,001 – 400,000	0	1	0	0	0	30,000	0	315,501	0	345,501
<b>Total</b>	<b>13</b>	<b>50</b>	<b>105,768</b>	<b>0</b>	<b>30,465</b>	<b>518,319</b>	<b>387,230</b>	<b>1,788,804</b>	<b>523,463</b>	<b>2,307,123</b>

\*The 2018/19 redundancy figures have been restated to capture £7,323 of other redundancy arrears that were paid in 2019/20.

\*There were 9 compulsory redundancy payments in 2019/20 (2018/19 nil).

\*\*The pension curtailment figure is calculated by the actuary using actuarial techniques and assumptions. They are in respect of early retirements and they reflect the additional costs of them taking retirement early and their pensions not being reduced to reflect this. This figure is an estimate for this report as per regulations and is not an actual payment made by the Council. The 2018/19 figures have been restated to include the costs for 1 employee who left the Council on the 31<sup>st</sup> March 2019 whose costs were not previously disclosed 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 2019/20 and 2018/19 are shown in table 3 below:-

**Table 3**

<b>Full Time Equivalent Pay</b>	<b>Contribution Rate Payable By Councillors / Employees 2019/20</b>	<b>Full Time Equivalent Pay</b>	<b>Contribution Rate Payable By Councillors / Employees 2018/19</b>
Up to £21,800	<b>5.50%</b>	Up to £21,300	5.50%
Over £21,800 and up to £26,700	<b>7.25%</b>	Over £21,300 and up to £26,100	7.25%
Over £26,700 and up to £36,600	<b>8.50%</b>	Over £26,100 and up to £35,700	8.50%
Over £36,600 and up to £48,800	<b>9.50%</b>	Over £35,700 and up to £46,700	9.50%
Over £48,800	<b>12.00%</b>	Over £46,700	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 2019 to 31 March 2020)**

The following table provides details of the remuneration paid to Angus Council's councillors for senior roles only in 2019/20.

**Table 4**

<b>2018/19 Salary, Fees &amp; Allowances £</b>	<b>Responsibility (1 April – 31 March)</b>	<b>Senior Councillor</b>	<b>Notes</b>	<b>2019/20 Salary, Fees &amp; Allowances £</b>
25,494	Civic Head / Provost	R Proctor MBE		26,208
22,340	Depute Provost	C Brown BEM		23,585
27,100	Leader of the Council Convener of Policy & Resources	D Fairweather	From 14/06/2018	34,944
22,943	Depute Leader and Finance Convener of the Council / Vice Convener of Policy & Resources	A Macmillan Douglas OBE		23,585
18,292	Convener of Children & Learning	D Wann	From 14/06/2018	23,585
15,920	Vice Convener of Children & Learning	L Speed	From 14/06/2018	20,527
18,475	Convener of Communities	M Salmond	From 14/06/2018	23,816
15,920	Vice Convener of Communities	T Stewart	From 14/06/2018	20,527
22,943	Convener of Development Standards	D Lumgair		23,585
16,298	Vice Convener of Development Standards / Convener Tayside Joint Valuation Board (Note 1)	G Nicol	From 25/06/2018	21,840
23,199	Convener of Scrutiny & Audit	A King		23,841
19,968	Vice Convener of Scrutiny & Audit	B Duff		20,527
2,899	Economic Development Spokesperson	B Davy	From 07/02/2019	20,527
18,291	Convener Civic Licensing & Licensing Board	C Fotheringham		23,585
19,968	Vice Convener Civic Licensing & Licensing Board	R Moore		20,527
<b>290,050</b>	<b>TOTAL</b>			<b>351,209</b>

**Notes:**

1. £4,370 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 2018/19 are only included for Councillors who held senior councillor positions as at 31 March 2020.

# Remuneration of Senior Employees

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

**Table 5**

2018/19 Total Remuneration £	Post	Senior Employee	Note	2019/20 Salary, fees & allowances £	Election Payments £	2019/20 Taxable Expenses £	2019/20 Compensation for Loss of Employment £	2019/20 Total Remuneration £
130,122	Chief Executive	M Williamson	1, 2	134,026	5,531	0	0	139,557
113,961	Depute Chief Executive	M Armstrong	1, 3	117,380	0	0	0	117,380
115,674	Strategic Director	A McKeown	1, 4	5,543	0	0	30,000	35,543
90,369	Director of Education & Lifelong Learning (Chief Education Officer)	P Stephen	1, 5	49,793	0	0	0	49,793
0		K McIntosh	1, 6	22,951	0	0	0	22,951
0	Director of Communities	S Ball	1	93,080	0	0	0	93,080
90,369	Director of Children, Families & Justice (Chief Social Work Officer)	K Lindsay	1	93,743	0	0	0	93,743
0	Director of Infrastructure	I Cochrane	1	93,080	0	0	0	93,080
93,994	Director of Finance (Section 95 Officer)	I Lorimer	1, 2, 7	96,814	161	0	0	96,975
0	Director of HR, Digital Enablement, IT & Business Support	S Faulkner	1	93,080	0	0	0	93,080
0	Director of Strategic Policy, Transformation & Public Sector Reform	V Smith	1	93,080	0	0	0	93,080
67,530	Service Leader – Legal & Democratic Services (Monitoring Officer)	L Dallas	8, 9	5,509	0	0	0	5,509
0	Director of Legal & Democratic Services (Monitoring Officer)	J Buchanan	1, 2, 7, 10	87,650	2,260	0	0	89,910
<b>702,019</b>				<b>985,729</b>	<b>7,952</b>	<b>0</b>	<b>30,000</b>	<b>1,023,681</b>

	<b>Subsidiary Body: ANGUSalvie</b>							
90,369	Chief Executive	K Hunter		93,080		0	0	93,080



**Notes:**

1. From 01<sup>st</sup> April 2019 a new council structure was implemented resulting in a change to the Senior Management. The Senior Management now consists of the Chief Executive, a Depute Chief Executive, which replaced the 2 Strategic Director posts, and 8 Directors of Service with these Directors replacing the former Head of Service posts. As a result of this there are numerous Director posts that do not have a comparative figure for 2018/19 as they were not part of the Senior Management at that time.
2. In 2019/20 there are 1 election payments totalling £7,952. There were no costs relating to this for 2018/19.
3. In 2018/19 M Armstrong held the post of Strategic Director. He moved to the role of Depute Chief Executive from 01<sup>st</sup> April 2020..
4. A McKeown left post on 17<sup>th</sup> April 2019.
5. P Stephen left post on 13<sup>th</sup> October 2019.
6. K McIntosh commenced in post on 01<sup>st</sup> January 2020.
7. Head of Corporate Finance and Head of Legal & Democratic Services were merged to become Head of Finance & Legal in 2018/19. The post of Director of Legal & Democratic Services was established in 2019/20.
8. In 2018/19 and part of 2019/20 the Service Leader of Legal and Democratic Services covered the role of Monitoring Officer.
9. L Dallas left post on 21<sup>st</sup> May 2019.
10. Director of Legal & Democratic Services commenced in post on 22<sup>nd</sup> April 2019.

**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**

2018/19 LGE	2018/19 SNCT	2018/19 CO	2018/19 Total	Remuneration Band	2019/20 LGE	2019/20 SNCT*	2019/20 CO	2019/20 Total
26	40	0	66	£50,000 - £54,999	33	85	0	118
0	23	0	23	£55,000 - £59,999	2	59	0	61
8	1	0	9	£60,000 - £64,999	5	23	0	28
13	2	0	15	£65,000 - £69,999	17	8	0	25
0	1	0	1	£70,000 - £74,999	2	1	0	3
0	4	0	4	£75,000 - £79,999	0	2	0	2
0	2	1	3	£80,000 - £84,999	0	1	1	2
0	0	2	2	£85,000 - £89,999	0	5	1	6
0	0	5	5	£90,000 - £94,999	0	0	5	5
0	0	0	0	£95,000 - £99,999	0	0	1	1
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	1	1	£110,000 - £114,999	0	0	0	0
0	0	1	1	£115,000 - £119,999	0	0	1	1
0	0	0	0	£120,000 - £124,999	0	0	0	0
0	0	1	1	£125,000 - £129,999	0	0	0	0
0	0	0	0	£130,000 - £134,999	0	0	1	1
0	0	0	0	£135,000 - £139,999	0	0	0	0
47	73	11	131	Total	59	184	10	253

\* there is a large increase in the number of teachers who have moved into the £50,000 - £54,999 and £55,000 - £59,999 bands. This is because a number of teachers, whose pay scale sat just below £50,000, received arrears payments in 2019/20 as part of a national pay settlement.

**Pension Benefits – Senior Councillors**

Fourteen of the fifteen senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

**Table 7**

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/19 £	Responsibility	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/20 £	Accrued Pension Benefit at 31/03/20 £000	Accrued Pension Benefit at 31/03/20 lump sum £000	Accrued Pension Benefit Movement from 31/03/19 £000	Accrued Pension Benefit Movement from 31/03/19 lump sum £000
4,334	Civic Head / Provost	R Proctor MBE		3,577	5	0	1	0
3,797	Depute Provost	C Brown BEM		1,089	1	0	0	0
4,607	Leader of the Council / Convener of Policy & Resources	D Fairweather	Leader of Council from 14/06/2018	5,940	5	2	1	0
3,900	Depute Leader and Finance Convener of the Council / Vice Convener of Policy & Resources	A Macmillan Douglas OBE		4,009	2	0	1	0
3,109	Convener of Children & Learning	D Wann	From 14/06/2018	4,009	1	0	0	0
3,394	Vice Convener of Children & Learning	L Speed	From 14/06/2018	3,490	1	0	0	0
3,900	Convener of Communities	M Salmond	From 14/06/2018	4,009	1	0	0	0
3,292	Vice Convener of Communities	T Stewart	From 14/06/2018	3,490	1	0	1	0
3,561	Vice Convener of Development Standards / Convener of Tayside Valuation Joint Board	G Nicol	From 25/06/18	3,713	1	0	0	0
3,900	Convener of Scrutiny & Audit	A King		2,339	8	2	1	0
3,394	Vice Convener of Scrutiny & Audit	B Duff		3,490	3	0	0	0

Angus Council – Annual Accounts for year ended 31<sup>st</sup> March 2020

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/19 £	Responsibility	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/20 £	Accrued Pension Benefit at 31/03/20 £000	Accrued Pension Benefit at 31/03/20 lump sum £000	Accrued Pension Benefit Movement from 31/03/19 £000	Accrued Pension Benefit Movement from 31/03/19 lump sum £000
2,962	Economic Development Spokesperson	B Davy	From 07/02/2019.	3,490	1	0	1	0
3,900	Convener Civic Licensing & Licensing Board	C Fotheringham		4,009	3	0	0	0
3,394	Vice Convener Civic Licensing & Licensing Board	R Moore		3,490	1	0	0	0
<b>51,444</b>	<b>Total</b>			<b>50,144</b>	<b>34</b>	<b>4</b>	<b>6</b>	<b>0</b>

**Pension Benefits – Senior Employees**

The pension entitlements of senior employees for the year to 31 March 2020 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 31/03/19 £	Post	Senior Employee	Note	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/20 £	Accrued Pension Benefit at 31/03/20 £000	Accrued Pension Benefit at 31/03/20 lump sum £000	Accrued Pension Benefit Movement from 31/03/19 £000	Accrued Pension Benefit Movement (lump sum) from 31/03/19 £000
21,281	Chief Executive	M Williamson	1	22,346	67	4	5	0
19,373	Depute Chief Executive	M Armstrong	1,2	19,955	42	54	4	1
19,373	Strategic Director	A McKeown	1	942	41	62	0	1
15,363	Director of Education & Lifelong Learning (Chief Education Officer)	P Stephen	1, 3	8,465	11	0	2	0
0		K McIntosh	1, 4	3,902	3	0	N/A	N/A
0	Director of Communities	S Ball	1	15,824	50	97	N/A	N/A
14,782	Director of Children, Families & Justice (Chief Social Work Officer)	K Lindsay	1	15,936	28	31	3	3
0	Director of infrastructure	I Cochrane	1	15,824	40	63	N/A	N/A
15,979	Director of Finance (Section 95 Officer)	I Lorimer	1, 5	16,458	43	71	3	2
0	Director of HR, Digital Enablement, IT & Business Support	S Faulkner	1	15,606	44	79	N/A	N/A
0	Director of Strategic Policy, Transformation & Public Sector Reform	V Smith	1	15,824	42	68	N/A	N/A
11,347	Service Leader Legal & Democratic Services (Monitoring Officer)	L Dallas	6	2,158	45	27	24	0
0	Director of Legal & Democratic Services (Monitoring Officer)	J Buchanan	1, 5	14,901	2	0	N/A	N/A
<b>117,498</b>		<b>Total</b>		<b>168,141</b>	<b>458</b>	<b>556</b>	<b>41</b>	<b>7</b>
	<b>Subsidiary Body: ANGUSalve</b>							
15,362	Chief Executive	K Hunter		<b>15,824</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>0</b>

**Notes:**

1. From 01<sup>st</sup> April 2019 a new council structure was implemented resulting in a change to the Senior Management. The Senior Management now consists of the Chief Executive, a Depute Chief Executive, which replaced 2 Strategic Director posts, and 8 Directors of Service with these Directors replacing the old Head of Service posts. As a result of this there are numerous Director posts that do not have a comparative figure for 2018/19 as they were not part of the Senior Management at that time.
2. In 2018/19 M Armstrong held the post of Strategic Director. He moved to the role of Depute Chief Executive from 01<sup>st</sup> April 2019.
3. P Stephen left post on 13<sup>th</sup> October 2019.
4. K McIntosh commenced in post on 01<sup>st</sup> January 2020.
5. Head of Corporate Finance and Head of Legal & Democratic Services were merged to become Head of Finance & Legal in 2018/19. The post of Director of Legal & Democratic Services was established in 2019/20 with J Buchanan commencing in post on 22<sup>nd</sup> April 2019.
6. In 2018/19 and part of 2019/20 the Service Leader of Legal & Democratic Services covered the role of Monitoring Officer.

**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 31<sup>st</sup> July each year. The relevant information relating to 2019/20 can be found in the table below.

	<b>Central function employees</b>	<b>Education function employees</b>
Trade union representatives	21	18
FTE trade union representatives	17.4	8
<b>Percentage of working hours spent on facility time</b>		
0% to 0.99% of working hours	12 representatives	4 representatives
1 to 50% of working hours	7 representatives	3 representatives
51 to 99% of working hours	0 representatives	1 representative
100% of working hours	1 representative	0 representatives
<b>Total pay bill and facility time costs</b>		
Total pay bill	£87,696,003.13	£68,588,970.87
Total cost of facility time	£45,245.24	£46,154.58
Percentage of pay spent on facility time	0.05%	0.07%
<b>Paid trade union activities</b>		
Hours spent on paid facility time	2,372	1,928.5
Hours spent on paid trade union activities	535.75	56
Percentage of total paid facility time hours spent on paid TU activities	22.58%	2.90%



**Audit Review**

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

Exit Packages – Page 35

Senior Councillor's Remuneration – Page 37

Senior Employees' Remuneration – Page 38

Pay Bandings Information – Page 40

Pension Benefits Information for Senior Councillors – Pages 41-42

Pension Benefits Information for Senior Employees – Page 43-44

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 November 2020

Councillor David Fairweather

Leader of the Council

24 November 2020

## **The Statement of Responsibilities**

### **The Authority's Responsibilities**

The authority is required to approve the accounts for signature and this is formally delegated to the Scrutiny & Audit Committee to approve them:

- 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 November 2020.

Signed on behalf of Angus Council

Councillor David Fairweather  
Leader of the Council  
24 November 2020

### **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 2020.

Ian Lorimer CPFA  
Director of Finance  
24 November 2020

**Movement in Reserves Statement as at 31 March 2020**

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.

	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Renewal &amp; Repair Fund £000</b>	<b>Capital Fund £000</b>	<b>Insurance Fund £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Council Reserves £000</b>
Balance at 31 March 2018	27,194	4,285	805	1,424	2,903	2,206	1,397	40,214	468,283	508,497
<b><u>Movement in reserves during 2018/19</u></b>										
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
<b>Total Comprehensive Expenditure and Income</b>	<b>(16,451)</b>	<b>(1,519)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,970)</b>	<b>9,030</b>	<b>(8,940)</b>
Adjustments between accounting & funding basis under regulations (Note 5)	20,581	875	2,494	100	0	(703)	0	23,347	(23,347)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>4,130</b>	<b>(644)</b>	<b>2,494</b>	<b>100</b>	<b>0</b>	<b>(703)</b>	<b>0</b>	<b>5,377</b>	<b>(14,317)</b>	<b>(8,940)</b>
Transfers to/from Earmarked Reserves (Note 6)	47	570	0	0	(584)	18	(51)	0	0	0
<b>Increase/Decrease in Year</b>	<b>4,177</b>	<b>(74)</b>	<b>2,494</b>	<b>100</b>	<b>(584)</b>	<b>(685)</b>	<b>(51)</b>	<b>5,377</b>	<b>(14,317)</b>	<b>(8,940)</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>31,371</b>	<b>4,211</b>	<b>3,299</b>	<b>1,524</b>	<b>2,319</b>	<b>1,521</b>	<b>1,346</b>	<b>45,591</b>	<b>453,966</b>	<b>499,557</b>
<b><u>Movement in reserves during 2019/20</u></b>										
Surplus or (deficit) on provision of services	(2,883)	(2,255)	0	0	0	0	0	(5,138)	0	(5,138)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	47,942	47,942
<b>Total Comprehensive Expenditure and Income</b>	<b>(2,883)</b>	<b>(2,255)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,138)</b>	<b>47,942</b>	<b>42,804</b>
Adjustments between accounting & funding basis under regulations (Note 5)	8,692	640	(924)	(1,066)	0	(16)	0	7,326	(7,326)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>5,809</b>	<b>(1,615)</b>	<b>(924)</b>	<b>(1,066)</b>	<b>0</b>	<b>(16)</b>	<b>0</b>	<b>2,188</b>	<b>40,616</b>	<b>42,804</b>
Transfers to/from Earmarked Reserves (Note 6)	189	500	(570)	0	(126)	14	(7)	0	(3)	(3)
<b>Increase/Decrease in Year</b>	<b>5,998</b>	<b>(1,115)</b>	<b>(1,494)</b>	<b>(1,066)</b>	<b>(126)</b>	<b>(2)</b>	<b>(7)</b>	<b>2,188</b>	<b>40,613</b>	<b>42,801</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>37,369</b>	<b>3,096</b>	<b>1,805</b>	<b>458</b>	<b>2,193</b>	<b>1,519</b>	<b>1,339</b>	<b>47,779</b>	<b>494,579</b>	<b>542,358</b>

**Comprehensive Income and Expenditure Statement for the year 31 March 2020**

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.

2018/19 (restated)**				2019/20			
Gross Spend £000	Gross Income £000	Net Spend £000	Service	Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
122,280	(8,079)	114,201	Schools & Learning	129,762	(11,303)	118,459	125,693
57,301	(33,587)	23,714	Communities	55,608	(31,638)	23,970	26,001
21,777	(1,834)	19,943	Children, Families & Justice	22,114	(2,176)	19,938	20,262
26,630	(4,912)	21,718	Infrastructure	27,573	(5,505)	22,068	22,119
5,325	(1,414)	3,911	Finance	5,867	(1,541)	4,326	4,549
6,780	(866)	5,914	Human Resources, Digital Enablement, Information Technology & Business Support	8,722	(954)	7,768	7,251
14,432	(2,756)	11,676	Strategic Policy, Transformation & Public Sector Reform	13,064	(2,382)	10,682	11,127
4,036	(774)	3,262	Legal & Democratic Services	3,547	(755)	2,792	2,708
16,062	(3,492)	12,570	<b>Other Services</b>	9,571	(3,730)	5,841	6,939
3,103	(37)	3,066	<b>Facilities Management</b>	3,195	(543)	2,652	3,117
464	(3,869)	(3,405)	<b>Corporate Items</b>	306	0	306	2,385
753	(33)	720	<b>Joint Boards</b>	789	(8)	781	787
119,234	(71,917)	47,317	<b>Adult Services*</b>	124,051	(73,886)	50,165	50,165
398,177	(133,570)	264,607	<b>General Fund Net Expenditure</b>	<b>404,169</b>	<b>(134,421)</b>	<b>269,748</b>	<b>283,103</b>
31,510	(29,610)	1,900	Housing Revenue Account	32,721	(30,705)	2,016	2,414
429,687	(163,180)	266,507	<b>Net Cost of Services</b>	<b>436,890</b>	<b>(165,126)</b>	<b>271,764</b>	<b>285,517</b>
		982	Other Operating Expenditure – (Gain) Loss on disposal of non-current assets			988	
		17,742	Financing and Investment Expenditure (Note 7)			17,850	
		(267,261)	Taxation and Non-Specific Grant Income (Note 8)			(285,464)	
		17,970	<b>Deficit on Provision of Services</b>			<b>5,138</b>	
		(6,413)	(Surplus) or deficit on revaluation of non-current assets			(32,682)	
		(2,617)	Re-measurements of the net pension liability			(15,260)	
		(9,030)	<b>Other Comprehensive (Income)/Expenditure</b>			<b>(47,942)</b>	
		8,940	<b>Total Comprehensive (Income)/Expenditure</b>			<b>(42,804)</b>	

\*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 2018/19 figures have been restated to show the same service structure as the Corporate Monitoring reported to Policy & Resources Committee throughout 2019/20.

**Balance Sheet as at 31 March 2020**

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.

31/3/2019 £000		Notes	31/3/2020 £000
821,632	Property, Plant & Equipment	11	850,936
5,870	Heritage Assets	12	5,870
1,536	Investment Property		1,400
1,480	Assets Held for Sale		2,485
327	Long Term Investments	28	491
4,702	Long Term Debtors	13	3,936
835,547	<b>Long Term Assets</b>		<b>865,118</b>
60,764	Short Term Investments	28	62,226
345	Inventories		345
22,464	Short Term Debtors	14	21,026
1,025	Cash and Cash Equivalents	15	4,702
84,598	<b>Current Assets</b>		<b>88,299</b>
(8,811)	Short Term Borrowing	28	(8,476)
(52,882)	Short Term Creditors	16	(51,890)
(400)	Provisions		0
(62,093)	<b>Current Liabilities</b>		<b>(60,366)</b>
(145,069)	Long Term Borrowing	28	(141,587)
(88,174)	Pension Liability	21	(88,758)
(125,252)	Other Long Term Liabilities	31	(120,348)
(358,495)	<b>Long Term Liabilities</b>		<b>(350,693)</b>
499,557	<b>Net Assets</b>		<b>542,358</b>
45,591	Usable Reserves	6	47,779
453,966	Unusable Reserves	17	494,579
499,557	<b>Total Reserves</b>		<b>542,358</b>

The accounts were issued for audit on the 30 June 2020 and the audited accounts were authorised for issue by the Director of Finance on 24 November 2020.

Ian Lorimer CPFA  
Director of Finance  
24 November 2020

**Cash Flow Statement as at 31 March 2020**

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.

31/3/2019 £000		31/3/2020 £000
(17,970)	<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>(5,138)</b>
	<b>Adjustment for Non-Cash Movements</b>	
46,895	Depreciation and Impairments	45,105
2,762	Non current asset adjustments	1,573
19,284	Retirement benefits	15,844
0	Net movement in stock	0
446	Net movement in debtors	1,300
6,913	Net movement in creditors and provisions	(3,421)
(465)	Other Internal accounts adjustments	(899)
75,835		<b>59,502</b>
	<b>Adjustments for Items Shown Within Investing and Financing Activities</b>	
(1,782)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(610)
(18,764)	Capital grants and contributions applied to capital financing	(26,393)
(20,546)		<b>(27,003)</b>
37,319	<b>Net Cash Inflows from Operating Activities *</b>	<b>27,361</b>
(34,773)	Purchase of property, plant and equipment, investment property and intangible assets	(42,783)
(14,990)	Purchase of Short Term and Long Term Investments	(1,396)
2,061	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	536
16,963	Capital grants, receipts and contributions applied to capital financing	27,159
(30,739)	<b>Net Cash Outflow from Investing Activities</b>	<b>(16,484)</b>
0	Cash receipts of short and long-term borrowing	0
(6,399)	Cash repayments of short and long-term borrowing	(3,355)
(4,993)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,291)
911	Other receipts from financing activities	446
(10,481)	<b>Net Cash In/(Outflows) from Financing Activities</b>	<b>(7,200)</b>
(3,901)	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>3,677</b>
(4,926)	Cash and Cash Equivalents at the Beginning of the Reporting Period	(1,025)
(1,025)	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>(4,702)</b>

- The cash flows from operating activities in 2019/20 include interest received of £1.069m (2018/19, £0.850m) and interest paid of £19.079m (2018/19, £17.567m).

## 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 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20 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 2018/19 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:-
  - o quoted securities – current bid price;
  - o unquoted securities – professional estimate;

- o unitised securities – current bid price; and
- o 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 employee (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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

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

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

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

**H. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and then carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied (where appropriate) by the effective rate of interest (EIR) for the instrument. The EIR is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, no EIR adjustment is necessary and the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. EIR adjustment could however be required where borrowing or investment interest rates are stepped or variable.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. The Council's policy in respect of premiums / discounts arising from debt restructuring is to debit / credit these in full to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of restructuring.

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

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

**I. Financial Assets****Loans and Receivables**

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

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

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

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

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

**Available-for-Sale Assets**

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

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at, and thereafter carried at, fair value.

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

Assets are maintained in the Balance Sheet at fair value. Information regarding the Council's approach to calculating fair values is contained in note 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:-

<b>Asset Category</b>	<b>Depreciation Bases</b>	<b>Useful Life</b>
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 following accounting standards have been issued but not yet been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Amendments to IAS19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The Code required implementation from 1 April 2020 and there is therefore no impact on the 2019/20 financial statements.

IFRS 16 Leases will require local authorities that are lessees to recognise these leases on their balance sheet as right-of-use assets, along with the corresponding lease liabilities (with the exception being low value and short-term leases). The Council had commenced preparation for implementation from 1 April 2020. As a result of the current COVID-19 response, CIPFA / LASAAC have deferred implementation of IFRS 16 for local authorities to 1 April 2021. Preparation for this deferred implementation continues.

#### **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 1993/94. 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 2020 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 on those assets not funded through the Housing Revenue Account, bringing into doubt the useful lives assigned to non-housing assets. The carrying amount of PPE at 31 March 2020 is £1,099.643 million with depreciation charge for 2019/20 of £248.707 million.	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. (See note 11 and policy S)
	<p>The outbreak of the Novel Coronavirus (Covid-19) was declared by the World Health Organisation as a Global Pandemic on 11 March 2020 and has impacted global financial markets and travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per UK Valuation Technical and Performance Standard 3 and Valuation Practice Guidance Application 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution should be attached to the valuation than would normally be the case.</p> <p>Although the valuer had declared a material valuation uncertainty, they have continued to exercise professional judgement in preparing the valuation, and therefore, this is the best and most reliable information available to the council at 31 March 2020.</p> <p>Given the unknown future impact that Covid-19 might have on the real estate market, the valuer recommends that we keep the valuation of the property under frequent review.</p> <p>The valuer has taken no account of impact on the property market/demand/values following the Covid-19 pandemic.</p>	It is not possible at this time to quantify the impact of COVID-19 on property markets and the consequential impact on the Council's assets. Assets are within the judgement of the external valuer on a case by case basis. However, the Royal Institute of Chartered Surveyors (RICS) convened a Leaders Forum to consider unique events relating to the global COVID-19 pandemic and its impact on valuations. The council will keep its properties and revaluation programme under review: assets due to be revalued in 2020/21 are coastal schools and office buildings.

Pensions Liability	<p>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. Turbulence in world markets arising from the COVID-19 pandemic has created medium-term uncertainty about scheme assets. A firm of consulting actuaries is engaged to provide the Tayside Pension Fund with expert advice about the assumptions to be applied.</p>	<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 £14.5 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.</p>
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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.

2019/20	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Capital Fund £000	Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:)</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation and impairment of non-current assets	31,100	13,240	0	0	0	(44,340)
Revaluation losses on property Plant and Equipment	765	0	0	0	0	(765)
Capital grants and Contributions applied	(24,579)	(1,827)	(2,100)	0	0	28,506
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	322	666	0	0	0	(988)
Statutory provision for the financing of capital investment	(11,473)	(1,170)	0	0	0	12,643
Capital expenditure charged against the General Fund and HRA balances - CFCR	(3,107)	(10,860)	0	0	0	13,967
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	1,176	0	0	(1,176)
Capital Receipts for leases	0	0	0	1	0	(1)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(1,067)	(16)	1,083
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	15,250	594	0	0	0	(15,844)
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	558	(3)	0	0	0	(555)
<b>Total Adjustments</b>	<b>8,692</b>	<b>640</b>	<b>(924)</b>	<b>(1,066)</b>	<b>(16)</b>	<b>(7,326)</b>



Comparative Figures in 2018/19	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Capital Fund £000	Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation and impairment of non-current assets	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)
<b>Total Adjustments</b>	<b>20,581</b>	<b>875</b>	<b>2,494</b>	<b>100</b>	<b>(703)</b>	<b>(23,347)</b>

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

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2019/20.

	<b>Opening Balance at 1/4/19 £000</b>	<b>Transfer Out 19/20 £000</b>	<b>Transfers In 19/20 £000</b>	<b>Closing Balance at 31/3/20 £000</b>
<b>Usable Reserves</b>				
General Fund:	<b>30,657</b>	(9,143)	15,102	<b>36,616</b>
Car Parking Reserve	<b>174</b>	0	182	<b>356</b>
Arbroath Harbour Reserve	<b>255</b>	(112)	25	<b>168</b>
Specific Reserves	<b>285</b>	(59)	3	<b>229</b>
<b>Sub Total General Fund</b>	<b>31,371</b>	<b>(9,314)</b>	<b>15,312</b>	<b>37,369</b>
Housing Revenue Account	<b>4,211</b>	(1,410)	295	<b>3,096</b>
<b>Total General Fund</b>	<b>35,582</b>	<b>(10,724)</b>	<b>15,607</b>	<b>40,465</b>
<b>Insurance Fund</b>	<b>1,346</b>	(20)	13	<b>1,339</b>
<b>Renewal and Repairs Fund</b>	<b>2,319</b>	(154)	28	<b>2,193</b>
<b>Capital Fund</b>	<b>1,521</b>	(16)	14	<b>1,519</b>
<b>Usable Capital Receipts</b>	<b>1,524</b>	(1,482)	416	<b>458</b>
<b>Capital Grants Unapplied</b>	<b>3,299</b>	(2,670)	1,176	<b>1,805</b>
<b>Total</b>	<b>45,591</b>	<b>(15,066)</b>	<b>17,254</b>	<b>47,779</b>
<b>General Fund Commitments</b>				
Contingency Policy Level	<b>4,000</b>	0	880	<b>4,880</b>
Balances held by schools under a scheme of delegation	<b>931</b>	(413)	0	<b>518</b>
Ring Fenced Monies	<b>4,765</b>	(1,604)	2,188	<b>5,349</b>
Grant Income	<b>2,752</b>	(2,752)	7,171	<b>7,171</b>
Affordable Housing	<b>2,815</b>	(500)	829	<b>3,144</b>
100% Carry forwards	<b>3,144</b>	(1,402)	2,787	<b>4,529</b>
Budget Commitments	<b>4,015</b>	(4,015)	7,171	<b>7,171</b>
Investment Projects	<b>0</b>	(547)	1,910	<b>1,363</b>
Change Fund	<b>1,015</b>	(800)	946	<b>1,161</b>
<b>Total</b>	<b>23,437</b>	<b>(12,033)</b>	<b>24,335</b>	<b>35,286</b>

**Note 7 - Financing and Investment Income and Expenditure**

2018/19 £000		2019/20 £000
17,457	Interest payable and similar charges	17,485
1,714	Net Interest on the defined benefit liability	1,967
(970)	Interest receivable and similar income	(1,058)
(1)	(Income)/expenditure in relation to investment properties and changes in their fair value	(1)
(459)	Share of Tayside Contracts (Surplus)/Deficit	(543)
17,741	<b>Total Expenditure</b>	<b>17,850</b>

**Note 8 - Taxation and Grant Incomes**

2018/19 £000		2019/20 £000
	Revenue tax and grant income:	
(48,005)	Council tax income	(49,783)
(25,101)	Non domestic rates	(27,468)
(172,209)	Scottish Government Revenue Grants	(177,786)
(3,182)	Scotland's Schools for the Future	(4,034)
	Capital grants and contributions:	
(12,298)	Scottish Government General Capital Grant	(19,551)
(5,143)	Scottish Government Specific Capital Grants	(6,299)
(1,200)	Other capital grants	(212)
(123)	Other capital contributions	(331)
(267,261)	<b>Total Income</b>	<b>(285,464)</b>
	Credited to Services:	
(23,914)	Housing Benefit Grants	(21,063)
(252)	Educational Maintenance Allowance Grant	(212)
(112)	Discretionary Housing Payments	(166)
(1,730)	Criminal Justice Social Work Grant	(1,780)
(1,325)	Early Learning and Childcare Grant	(5,000)
(2,118)	Pupil Equity Fund/Attainment Scotland Fund	(2,113)
(303)	Scottish Government General Capital Grant for Capital Expenditure on 3 <sup>rd</sup> Party Assets	(321)
(29,754)	<b>Total</b>	<b>(30,655)</b>

**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 2018/19				2019/20		
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
97,104	17,097	114,201	Schools & Learning	103,897	14,562	118,459
16,604	7,110	23,714	Communities	16,404	7,566	23,970
17,572	2,371	19,943	Children, Families & Justice	18,405	1,533	19,938
10,604	11,114	21,718	Infrastructure	10,558	11,510	22,068
2,981	930	3,911	Finance	3,587	739	4,326
4,126	1,788	5,914	Human Resources, Digital Enablement, Information Technology & Business Support	6,009	1,759	7,768
8,488	3,188	11,676	Strategic Policy, Transformation & Public Sector Reform	7,856	2,826	10,682
2,546	716	3,262	Legal & Democratic Services	2,334	458	2,792
12,451	119	12,570	<b>Other Services</b>	5,728	113	5,841
2,215	851	3,066	<b>Facilities Management</b>	2,014	638	2,652
(3,405)	0	(3,405)	<b>Corporate Items</b>	306	0	306
720	0	720	<b>Joint Boards</b>	781	0	781
42,259	5058	47,317	<b>Adult Services</b>	46,133	4,032	50,165
214,265	50,342	264,607	<b>General Fund Net Expenditure</b>	<b>224,012</b>	<b>45,736</b>	<b>269,748</b>
(11,240)	13,140	1,900	Housing Revenue Account (HRA)	(11,785)	13,801	2,016
203,025	63,482	266,507	<b>Net Cost of Services</b>	<b>212,227</b>	<b>59,537</b>	<b>271,764</b>
(249,519)	982	(248,537)	Other (income)/Expenditure	(267,614)	988	(266,626)
(46,494)	64,464	17,970	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(55,387)</b>	<b>60,525</b>	<b>5,138</b>
32,365	(41,395)	(9,030)	Other Comprehensive (Income)/Expenditure	5,257	(53,199)	(47,942)
(14,129)	23,069	8,940	<b>Total Comprehensive (Income)/Expenditure</b>	<b>(50,130)</b>	<b>7,326</b>	<b>(42,804)</b>

2018/19		2019/20		
Total General Fund and HRA £000		General Fund £000	HRA £000	Total General Fund and HRA £000
31,479	<b>Opening General Fund and HRA Balance</b>	<b>31,371</b>	<b>4,211</b>	<b>35,582</b>
(17,970)	Less/Plus Surplus or Deficit on Provision of Services	(2,883)	(2,255)	(5,138)
22,073	Transfer to/from Other Reserves	8,881	1,140	10,021
<b>35,582</b>	<b>Closing General Fund and HRA Balance</b>	<b>37,369</b>	<b>3,096</b>	<b>40,465</b>

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

2019/20				
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
Schools & Learning	11,572	2,385	605	14,562
Communities	5,323	2,253	(10)	7,566
Children, Families & Justice	93	1,448	(8)	1,533
Infrastructure	10,565	949	(4)	11,510
Finance	0	742	(3)	739
Human Resources, Digital Enablement, Information Technology & Business Support	868	895	(4)	1,759
Strategic Policy, Transformation & Public Sector Reform	2,258	570	(2)	2,826
Legal & Democratic Services	22	438	(2)	458
<b>Other Services</b>	74	39	0	113
<b>Facilities Management</b>	606	32	0	638
<b>Corporate Items</b>	0	0	0	0
<b>Adult Services</b>	484	3,562	(14)	4,032
<b>Total Angus Council Services</b>	<b>31,865</b>	<b>13,313</b>	<b>558</b>	<b>45,736</b>
Tayside Joint Valuation Board	0	0	0	0
<b>General Fund Net Expenditure</b>	<b>31,865</b>	<b>13,313</b>	<b>558</b>	<b>45,736</b>
Housing Revenue Account (HRA)	13,240	564	(3)	13,801
<b>Net Cost of Services</b>	<b>45,105</b>	<b>13,877</b>	<b>555</b>	<b>59,537</b>
Other Income & Expenditure	988	1,967	(55,166)	(52,211)
<b>Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service</b>	<b>46,093</b>	<b>15,844</b>	<b>(54,611)</b>	<b>7,326</b>

2018/19 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
Schools & Learning	13,847	2,973	277	17,097
Communities	4,249	2,860	0	7,109
Children, Families & Justice	107	2,264	0	2,371
Infrastructure	9,887	1,227	0	11,114
Finance	0	930	0	930
Human Resources, Digital Enablement, Information Technology & Business Support	759	1,029	0	1,788
Strategic Policy, Transformation & Public Sector Reform	2,608	859	0	3,467
Legal & Democratic Services	21	695	0	716
<b>Other Services</b>	106	13	0	119
<b>Facilities Management</b>	811	40	0	851
<b>Corporate Items</b>	0	0	0	0
<b>Adult Services</b>	824	4,234	0	5,058
<b>Total Angus Council Services</b>	<b>33,219</b>	<b>17,124</b>	<b>277</b>	<b>50,620</b>
Tayside Joint Valuation Board	0	0	0	0
<b>General Fund Net Expenditure</b>	<b>33,219</b>	<b>17,124</b>	<b>277</b>	<b>50,620</b>
Housing Revenue Account (HRA)	12,694	446	0	13,140
<b>Net Cost of Services</b>	<b>45,913</b>	<b>17,570</b>	<b>277</b>	<b>63,760</b>
Other Income & Expenditure	982	1,714	(43,109)	(40,413)
<b>Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service</b>	<b>46,895</b>	<b>19,284</b>	<b>(42,832)</b>	<b>23,347</b>

**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:

2018/19 £000		2019/20 £000
245	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	250
3	ACCT Audit Fee borne by Angus Council	0
0	Robert & William Strang Mortification	0

**Note 11 - Property, Plant and Equipment****Movements in 2019/20**

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infra-structure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>	<b>PPP Assets Included in Property, Plant and Equipment *</b>
<b>Gross Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>1 April 2019</b>	349,035	388,109	52,359	275,326	5,605	5,774	12,092	<b>1,088,300</b>	158,757
Additions	6,938	6,357	2,969	8,278	180	0	19,415	<b>44,137</b>	1,833
Additions – ACCCT Assets	2,995	0	0	0	0	0	0	<b>2,995</b>	0
Revaluation increases/ (decreases) recognised in the RRA	(33,204)	1,142	0	0	0	0	0	<b>(32,062)</b>	0
Revaluation increases/ (decreases) recognised in the NCS	0	(856)	0	0	0	0	0	<b>(856)</b>	0
Disposals /Demolitions	(224)	(119)	(443)	0	0	(1,076)	0	<b>(1,862)</b>	0
Reclassified as Assets Held for Sale	0	(1,083)	0	0	0	0	0	<b>(1,083)</b>	0
Reclassified Assets	1,034	9,992	0	0	0	2,863	(13,889)	<b>0</b>	0
Other Movements	0	509	134	22	(585)	(6)	0	<b>74</b>	0
<b>31 March 2020</b>	<b>326,574</b>	<b>404,051</b>	<b>55,019</b>	<b>283,626</b>	<b>5,200</b>	<b>7,555</b>	<b>17,618</b>	<b>1,099,643</b>	<b>160,590</b>
<b>Accumulated Depreciation and impairment</b>									
<b>1 April 2019</b>	(48,275)	(45,526)	(38,078)	(133,477)	(570)	(742)	0	<b>(266,668)</b>	(35,805)
Depreciation charge	(13,050)	(16,968)	(3,547)	(10,552)	(33)	(190)	0	<b>(44,340)</b>	(5,171)
Revaluation Losses/Gains	61,313	365	0	0	0	0	0	<b>61,678</b>	0
Disposals/ Demolitions	12	22	357	0	0	232	0	<b>623</b>	0
Reclassified Assets	0	1,666	0	0	0	(1,666)	0	<b>0</b>	0
Other movements	0	0	0	0	0	0	0	<b>0</b>	0
<b>31 March 2020</b>	<b>0</b>	<b>(60,441)</b>	<b>(41,268)</b>	<b>(144,029)</b>	<b>(603)</b>	<b>(2,366)</b>	<b>0</b>	<b>(248,707)</b>	<b>(40,976)</b>
<b>Net Book Value</b>									
<b>31 March 2019</b>	<b>300,760</b>	<b>342,583</b>	<b>14,281</b>	<b>141,849</b>	<b>5,035</b>	<b>5,032</b>	<b>12,092</b>	<b>821,632</b>	<b>122,952</b>
<b>31 March 2020</b>	<b>326,574</b>	<b>343,610</b>	<b>13,751</b>	<b>139,597</b>	<b>4,597</b>	<b>5,189</b>	<b>17,618</b>	<b>850,936</b>	<b>119,614</b>

**Comparative Movements in 2018/19**

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infra-structure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>	<b>PFI Assets Included in Property, Plant and Equipment</b>
<b>Gross Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
1 April 2018	340,271	374,571	48,075	266,764	5,414	375	12,721	<b>1,048,191</b>	144,709
Additions	5,741	5,476	5,107	8,562	191	0	24,177	<b>49,254</b>	16,043
Revaluation increases/ (decreases) recognised in the RRA	0	(192)	0	0	0	0	0	<b>(192)</b>	(1,995)
Revaluation increases/ (decreases) recognised in the NCS	0	(4,266)	0	0	0	0	0	<b>(4,266)</b>	0
Disposals /Demolitions	(650)	(2,649)	(823)	0	0	0	0	<b>(4,122)</b>	0
Reclassified Assets	3,673	15,734	0	0	0	5,399	(24,806)	<b>0</b>	0
Reclassified as Assets Held for Sale	0	(565)	0	0	0	0	0	<b>(565)</b>	0
<b>31 March 2019</b>	<b>349,035</b>	<b>388,109</b>	<b>52,359</b>	<b>275,326</b>	<b>5,605</b>	<b>5,774</b>	<b>12,092</b>	<b>1,088,300</b>	<b>158,757</b>
<b>Accumulated Depreciation and impairment</b>									
1 April 2018	(36,356)	(37,126)	(35,592)	(123,367)	(537)	(7)	0	<b>(232,985)</b>	(30,898)
Depreciation charge	(12,656)	(16,893)	(3,167)	(10,110)	(33)	(1)	0	<b>(42,860)</b>	(4,907)
Revaluation Losses/Gains	0	7,818	0	0	0	0	0	<b>7,818</b>	0
Disposals /Demolitions	65	614	681	0	0	0	0	<b>1,360</b>	0
Reclassified Assets	672	61	0	0	0	(733)	0	<b>0</b>	0
Other Movements	0	0	0	0	0	(1)	0	<b>(1)</b>	0
<b>31 March 2019</b>	<b>(48,275)</b>	<b>(45,526)</b>	<b>(38,078)</b>	<b>(133,477)</b>	<b>(570)</b>	<b>(742)</b>	<b>0</b>	<b>(266,668)</b>	<b>(35,805)</b>
<b>Net Book Value</b>									
<b>31 March 2018</b>	<b>303,915</b>	<b>337,445</b>	<b>12,483</b>	<b>143,397</b>	<b>4,877</b>	<b>368</b>	<b>12,721</b>	<b>815,206</b>	<b>113,811</b>
<b>31 March 2019</b>	<b>300,760</b>	<b>342,583</b>	<b>14,281</b>	<b>141,849</b>	<b>5,035</b>	<b>5,032</b>	<b>12,092</b>	<b>821,632</b>	<b>122,952</b>

**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 2019/20 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2019/20 is the first year of the current programme and valuations for 2019/20 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 2019/20 were Council Dwellings, using a beacon approach, investment properties, miscellaneous land and other houses. We also revalued the new school campus Abbeyview, in Arbroath, as this became operational during 2019/20.

A new 5 year valuation plan was agreed with Property Asset colleagues and the External Valuer for 2019/20 to 2023/24. Assets which will be revalued as part of 2020/21 annual accounts will be coastal schools and office buildings.



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

	<b>Tangible Heritage Assets</b>			<b>Total Assets</b>
	<b>Museum Fine Art</b>	<b>Museum Other Collections</b>	<b>Civic Regalia</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valuation at 31 March 2019	5,070	700	100	5,870
<b>Valuation at 31 March 2020</b>	<b>5,070</b>	<b>700</b>	<b>100</b>	<b>5,870</b>

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-minimis 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 2019/20 Accounts.

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

		<b>Valuation at 31<sup>st</sup> March 2020 £000</b>
<b>Fine Art Collection</b>		
Painting, The Adoration of the Magi	Pieter Breughel	2,300
Painting, St John Preaching in Wilderness	Pieter Breughel	2,000
Others		770
<b>Total Fine Art Collection</b>		<b>5,070</b>
<b>Other Collections &amp; Civic Regalia</b>		<b>800</b>
<b>Total Heritage Assets in Balance Sheet</b>		<b>5,870</b>

**Note 13 – Long Term Debtors**

<b>2018/19 £000</b>		<b>2019/20 £000</b>
202	Housing Advances	189
4,064	Police Scotland Loan	3,402
130	Leases	72
301	Common Good	269
5	Empty Homes Initiative	4
<b>4,702</b>	<b>Total Long Term Debtors</b>	<b>3,936</b>

**Note 14 – Short Term Debtors**

Restated 2018/19 £000		2019/20 £000
958	Local Tax	1,534
8,898	Trade Customers	7,636
903	Related Parties	1,018
11,705	Others	10,838
22,464	<b>Total Short Term Debtors</b>	<b>21,026</b>

**Note 15 - Cash and Cash Equivalents**

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

2018/19 £000		2019/20 £000
36	Cash held by the Council	30
(380)	Bank Overdraft	(1,770)
1,369	Cash Investments	6,442
1,025	<b>Total Cash and Cash Equivalents</b>	<b>4,702</b>

**Note 16 – Short Term Creditors**

Restated 2018/19 £000		2019/20 £000
(494)	Local Tax	(1,391)
(19,168)	Trade Payables	(19,146)
(23,339)	Other Payables	(19,873)
(1,690)	Public Finance Initiatives	(2,930)
(8,191)	Related Parties	(8,550)
(52,882)	<b>Total Short Term Creditors</b>	<b>(51,890)</b>

**Note 17 - Unusable Reserves**

31 March 2019 £000		31 March 2020 £000
123,484	Revaluation Reserve Account	154,200
424,837	Capital Adjustment Account	435,729
(1,069)	Financial Instruments Adjustment Account	(925)
(88,174)	Pensions Reserve	(88,758)
(5,112)	Accumulated Absences Account	(5,667)
453,966	<b>Total Unusable Reserves</b>	<b>494,579</b>

**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.

2018/19 £000		2019/20 £000
119,230	Balance at 1 April	123,484
7,610	Upward revaluation of assets	32,854
(1,198)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(172)
(2,158)	Difference between fair value depreciation and historical cost depreciation	(1,966)
123,484	<b>Balance at 31 March</b>	<b>154,200</b>

**Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the 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.

2018/19 £000		2019/20 £000
426,608	Balance at 1 April	424,837
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(45,913)	Charges for depreciation and impairment of non-current assets	(45,105)
(982)	Revaluation gain/losses on Property, Plant and Equipment	(988)
0	Amortisation of intangible assets	0
	<b>Revenue expenditure funded from capital under statute</b>	
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
2,158	Adjusting amounts written out of the Revaluation Reserve	1,966
	<b>Capital financing applied in the year:</b>	
746	Use of the Capital Receipts Reserve to finance new capital expenditure	1,498
(139)	Unapplied Capital Receipts	(415)
(4)	Capital receipt for finance lease	(1)
16,270	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	27,329
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
14,877	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	12,644
11,215	Capital expenditure charged against the General Fund and HRA balances	13,967
1	Other Adjustment	(3)
424,837	<b>Balance at 31 March</b>	<b>435,729</b>

#### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The 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 2020 will be charged to the General Fund over the next 7 years.

2018/19 £000		2019/20 £000
(1,213)	Balance at 1 April	(1,069)
144	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	144

0	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
(1,069)	<b>Balance at 31 March</b>	<b>(925)</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The 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.

2018/19 £000		2019/20 £000
<b>(71,507)</b>	Balance at 1 April	<b>(88,174)</b>
2,617	Re-measurement of net pensions liability	15,260
(19,284)	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	(15,844)
<b>(88,174)</b>	<b>Balance at 31 March</b>	<b>(88,758)</b>

### Accumulated Absences Account

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

2018/19 £000		2019/20 £000
<b>(4,835)</b>	Balance at 1 April	<b>(5,112)</b>
(277)	Amounts accrued at the end of the current year	(555)
<b>(5,112)</b>	<b>Balance at 31 March</b>	<b>(5,667)</b>

### Note 18 - Termination Benefits

The Council terminated the contracts of a number of employees in 2019/20 incurring liabilities of £0.226m (£1.036m in 2018/19). Further detail is provided in the Remuneration Report, page 35, table 2.

### Note 19 – Councillor Remuneration, Allowances and Expenses

2018/19 £000		2019/20 £000
563	Remuneration	578
2	Allowances	1
57	Expenses	40
<b>622</b>	<b>Total</b>	<b>619</b>

**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) and is a multi-employer scheme. 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 2019/20, the employer's rate of contribution was 17.2% to 31 August 2019, then 23.0% from 1 September 2019 and the amount paid over in respect of employer's contributions was £10.313 million (£7.439m in 2018/19, 17.2%). The estimated value of employer contributions payable to teachers pension scheme in 2020/21 is £12m although this will possibly increase due to the increased number of teachers employed due to the impact of COVID-19.

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 2019/20 the council paid employer contributions totalling £11.684m (£11.069m in 2018/19) 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 2019/20, the council paid £1.189m representing 1.0% of pensionable pay in unfunded discretionary benefits (£2.006m representing 1.9% in 2018/19). 17 awards were made in 2019/20 amounting to £0.226m (£1.036m in 2018/19) in respect of employees leaving the council. This £0.226 million is in addition to the employer contributions of £10,313 million and £11.684 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 2020 there was a Pension Liability of £88.758 million with a corresponding negative Pension

Reserve. This Pension Liability is the difference between the value at 31 March 2020 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 2020 there would have been a shortfall of some £88.758 million. The Pension Liability of £88.758 million compares with £88.174 million for the previous year – an unfavourable movement of £0.584 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 2019 £000	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2020 £000
30,354	Service cost	26,519
291	Administration expenses	231
	<b>Financing and Investment Income and Expenditure</b>	
1,714	Net interest on the defined liability /(asset)	1,967
<b>32,359</b>	<b>Total Recognised in the Comprehensive Income &amp; Expenditure Account</b>	<b>28,717</b>
	<b>The amounts recognised in the Movement on Reserves Statement:-</b>	
(19,284)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(15,844)
13,075	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	12,873
11,069	Employer's contributions payable to scheme	11,684
2,006	Retirement benefits payable to pensioners	1,189

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 2020 £000	31 Mar 2019 £000	31 Mar 2018 £000
Present value of the defined benefit obligation	723,330	763,011	720,259
Fair Value of plan assets	(644,401)	(685,796)	(660,585)
<b>Sub-Total</b>	<b>78,929</b>	<b>77,215</b>	<b>59,674</b>
Present value of unfunded obligation	9,829	10,959	11,833
<b>Net liability arising from defined benefit obligation</b>	<b>88,758</b>	<b>88,174</b>	<b>71,507</b>

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

Year to 31 March 2019 £000		Year to 31 March 2020 £000
<b>732,092</b>	<b>Opening Balance at 1 April</b>	<b>773,970</b>
22,467	Current service cost	26,041
18,492	Interest cost	18,376
36,889	Actuarial (gains)/losses arising from changes in financial assumptions	(68,353)
(25,053)	Actuarial (gains)/losses arising from change in demographic assumptions	0
0	Experience (gain)/loss on defined benefit obligation	0
(21,834)	Estimated benefits paid net of transfers in	(20,722)
7,887	Past service costs, including curtailments	478
4,001	Contributions by Scheme participants and other employers	4,334
(971)	Unfunded pension payments	(965)
<b>773,970</b>	<b>Closing Balance at 31 March</b>	<b>733,159</b>

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

Year to 31 March 2019 £000		Year to 31 March 2020 £000
<b>660,585</b>	<b>Opening Balance at 1 April</b>	<b>685,796</b>
16,778	Interest on assets	16,409
14,031	Return on assets less interest	(53,340)
0	Other actuarial gains/(losses)	0
(291)	Administration expenses	(231)
13,497	Contributions by employer including unfunded	13,120
4,001	Contributions by Scheme participants and other employers	4,334
(22,805)	Estimated benefits paid plus unfunded net of transfers in	(21,687)
<b>685,796</b>	<b>Closing Balance at 31 March</b>	<b>644,401</b>

- Please note that the £13.120 million above is an estimated amount used by the Actuary in the preparation of the IAS 19 report and the actual amount of £12.873 million has been reflected through the CIES. This produces a difference of £0.247 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	29 February 2020 %
<b>Equities</b>	
Consumer	7.1
Manufacturing	2.0
Energy & Utilities	2.5
Financial Institutions	9.7
Health and Care	4.6
Information Technology	7.5
Others	10.7
<b>Debt Securities</b>	
Corporate Bonds (investment grade)	13.6
Corporate Bonds (non-investment grade)	0.0
UK Government	1.0
Others	1.0
<b>Private Equity</b>	
All	0.0
<b>Real Estate</b>	
UK Property	11.4
Overseas Property	0.1
<b>Investment Fund Unit Trusts</b>	
Equities	23.3
Bonds	2.8
Hedge Funds	0.0
Commodities	0.0
Infrastructure	0.0
Others	0.0
<b>Derivatives</b>	
Inflation	0.0
Interest Rate	0.0
Foreign Exchange	(0.1)
Others	0.0
<b>Cash and Cash Equivalents</b>	
All	2.9
<b>TOTAL</b>	<b>100.1</b>

The figures in this table are correct as per the report received from Barnett Waddingham, although they do not add up to 100%, this is due to rounding, as per previously reported by the actuary.

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	31 March 2020 % Quoted	31 March 2020 % Unquoted
<b>Fixed Interest Government Securities</b>		
UK	0.9	0.0
Overseas	0.4	0.0
<b>Corporate Bonds</b>		
UK	4.8	2.8
Overseas	10.0	0.0
<b>Equities</b>		
UK	11.7	0.0
Overseas	31.8	22.3
<b>Property</b>		
All	12.6	0.0

<b>Others</b>		
Derivatives	(0.5)	0.0
Cash Funds	0.1	0.0
Cash/Temporary Investments	2.3	0.0
<b>Net Current Assets</b>		
Debtors	1.0	0.0
Creditors	(0.4)	0.0
<b>TOTAL</b>	<b>74.7%</b>	<b>25.1%</b>

The figures in this table are correct as per the report received from Barnett Waddingham, although the 2 columns do not add up to 100%, this is due to rounding, as per previously reported by the actuary.

The estimated asset breakdown for Angus Council as at 31 March 2020 is as follows:

31 March 2019 £000	31 March 2019 %	<b>Asset Breakdown</b>	31 March 2020 £000	31 March 2020 %
473,713	69%	Equities	424,306	66%
9,820	1%	Gilts	8,937	1%
102,898	15%	Other Bonds	113,566	18%
85,614	13%	Property	81,149	13%
12,116	2%	Cash	19,656	3%
1,635	0%	Alternatives	(3,213)	(0)%
<b>685,796</b>	<b>100%</b>	<b>TOTAL</b>	<b>644,401</b>	<b>101%</b>

The figures in this table are correct as per the report received from Barnett Waddingham, although the % column does not add up to 100%, this is due to rounding, as per previously reported by the actuary.

#### Re-measurements in Other Comprehensive Income

Year to 31 March 2019 £000	<b>Re-measurement of the net assets/(defined liability)</b>	Year to 31 March 2020 £000
14,031	Return on Fund assets in excess of interest	(53,340)
0	Other actuarial gains/(losses) on assets	0
(36,889)	Change in financial assumptions	68,353
25,053	Change in demographic assumptions	0
0	Experience gain/(loss) on defined benefit obligation	0
<b>2,195</b>	<b>Re-measurements of the net assets/(defined liability)</b>	<b>15,013</b>

#### 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		Local Government Pension Scheme
2018/19		2019/20
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
19.6	Men	19.7
21.6	Women	21.7
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
21.3	Men	21.4
23.4	Women	23.5
3.40%	Rate of Inflation - Retail Price Index	2.70%
2.40%	Rate of Inflation - Consumer Prices Index	1.90%
3.40%	Rate of increase in salaries	2.90%
2.40%	Rate for discounting scheme liabilities	2.35%
2.40%	Pension Increases	1.90%

### 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)	32,473	(30,993)
Rate of increase in salaries (increase or decrease by 0.1%)	2,032	(2,016)
Rate of increase in pensions (increase or decrease by 0.1%)	12,810	(12,548)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(14,485)	14,791

### 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 2021 are as follows:-

Projections for the year to 31 March 2021	Year to 31 March 2021 £000
Service Cost	22,841
Net Interest on the defined liability (asset)	1,936
Administration expenses	217
<b>Total</b>	<b>24,994</b>
<b>Employer Contributions</b>	<b>11,873</b>

**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 2019/20 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 1<sup>st</sup> 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 (DCC) – 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 via an inter-authority agreement with 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 2<sup>nd</sup> 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) - was a limited company and a registered Scottish Charity. Following a decision of the ACCCT board, the company was wound up during 2019/20 with all assets transferring to Angus Council on 19 July 2019. These assets have subsequently been revalued and added to the Council's balance sheet at a value of £2.995 million, see note 11 to the accounts. The Trust was deemed to be significantly influenced by the Council through its representation on the Trust Board. The values included in tables 1 & 2 reflect the existence of the company for only part of the financial year;
- Angus Care & Repair Ltd - was a private company limited by guarantee and a registered Scottish Charity. The company provided various services for older and disabled people in Angus to help them with home repairs, adaptations and improvements. The company was deemed to be significantly influenced by the Council through its representation on the Board. The arrangement with Angus Care and Repair Ltd ended on 30 June 2019 after it was deemed necessary to tender for the works under procurement guidelines;

- Angus 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:

2018/19 Expenditure £000	2018/19 Income £000		2019/20 Expenditure £000	2019/20 Income £000
		<b>Other Public Bodies</b>		
58,662	58,662	Angus Integration Joint Board	62,781	62,781
720	0	Valuation Board – Requisition	781	0
0	490	Tayside Contracts – Share of Surplus and associated interest	0	543
22,516	0	Tayside Contracts – Contracts undertaken	24,394	0
5,947	250	Dundee City Council – Angus Council payment for MEB waste processing	5,852	314
0	5,887	NHS Tayside - Resource transfer	0	5,887
11,447	0	STPS – Scottish Teachers Pension Scheme	15,058	0
		<b>Entities Controlled or Significantly Influenced by Angus Council</b>		
		<b>ANGUSalve</b>		
5,077	276	Contributions to/from company	5,688	552
		<b>Angus Community Care Charitable Trust</b>		
45	0	Contribution due to Trust	131	0
516	0	Amounts due to Trust (rental income)	182	0
0	381	Amounts due from Trust	0	105
		<b>Angus Environmental Trust</b>		
1	0	Landfill Tax Credit	0	0
		<b>Angus Care &amp; Repair</b>		
20	0	HRA	5	0
353	0	Angus Health and Social Care Partnership	88	0
		<b>East of Scotland European Consortium</b>		
7	0	Contribution due to the Consortium	7	0
0	2	Amounts due from the Consortium (financial services)	0	0
		<b>Tayside Procurement Consortium</b>		
88	0	Contribution due to the Consortium	171	114
		<b>Voluntary Action Angus (VAA)</b>		
265	0	Contributions	351	0
		<b>Citizens Advice Bureau</b>		
136	0	Contributions	136	0
<b>105,800</b>	<b>65,948</b>	<b>Total</b>	<b>115,625</b>	<b>70,296</b>

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

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

2018/19 Creditors £000	2018/19 Debtors £000		2019/20 Creditors £000	2019/20 Debtors £000
		<b>Other Public Bodies</b>		
2,544	0	Angus Integration Joint Board	3,333	0
0	490	Tayside Contracts – Share of Surplus and associated interest	0	504
3,790	0	Tayside Contracts – Contracts undertaken	3,293	0
527	261	Dundee City Council – Angus Council payment for MEB waste processing	507	314
955	0	STPS – Scottish Teachers Pension Scheme	1,345	0
		<b>Entities Controlled or Significantly Influenced by Angus Council</b>		
		<b>ANGUSalive</b>		
255	126	Contribution from/to company	15	162
		<b>Angus Community Care Charitable Trust</b>		
96	0	Amounts due to Trust (rental income)	0	0
0	26	Amounts due from Trust	0	0
		<b>Tayside Procurement Consortium</b>		
24	0	Contribution due to the Consortium	57	38
<b>8,191</b>	<b>903</b>	<b>Total</b>	<b>8,550</b>	<b>1,018</b>

**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. 2019/20 was the 15th 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 2019/20.

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. 2019/20 was effectively the 15th 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 2019/20.

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 2019/20 was therefore the 13th 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 2019/20.

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. 2019/20 was the 2nd 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 2019/20.

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. 2019/20 was effectively the 1st full year of the arrangement which 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 2019/20.

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.

	<b>A A92 Dual Carriageway £000</b>	<b>B Beech Hill House £000</b>	<b>C Forfar/ Carnoustie Schools £000</b>	<b>D Forfar Community Campus £000</b>	<b>E Arbroath Schools £000</b>	<b>Totals £000</b>
Liability at 31 March 2019	<b>39,127</b>	<b>1,296</b>	<b>36,491</b>	<b>31,985</b>	<b>15,035</b>	<b>123,934</b>
Additions	0	0	0	0	0	0
Repayment of liability for year	(749)	(34)	(729)	(823)	(178)	(2,513)
<b>Liability at 31 March 2020</b>	<b>38,378</b>	<b>1,262</b>	<b>35,762</b>	<b>31,162</b>	<b>14,857</b>	<b>121,421</b>
<b>Fair value of liability at 31 March 2020</b>	<b>46,114</b>	<b>1,419</b>	<b>51,034</b>	<b>43,184</b>	<b>19,705</b>	<b>161,456</b>

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

Payments remaining to be made under the 5 PPP and similar contracts at 31 March 2021 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

	<b>A A92 Dual Carriageway £000</b>	<b>B Beech Hill House £000</b>	<b>C Forfar/ Carnoustie Schools £000</b>	<b>D Forfar Community Campus £000</b>	<b>E Arbroath Schools £000</b>	<b>Totals £000</b>
<b>Payments due within 1 year (2020/21)</b>						
Repayment of liability	756	102	824	842	406	<b>2,930</b>
Finance costs	4,339	220	2,912	2,083	815	<b>10,369</b>
Service charges (inc. life cycle replacement costs)	2,671	100	2,709	395	185	<b>6,060</b>
<b>Total payments due within 1 year</b>	<b>7,766</b>	<b>422</b>	<b>6,445</b>	<b>3,320</b>	<b>1,406</b>	<b>19,359</b>

	<b>A A92 Dual Carriageway  £000</b>	<b>B Beech Hill House  £000</b>	<b>C Forfar/ Carnoustie Schools £000</b>	<b>D Forfar Community Campus £000</b>	<b>E Arbroath Schools  £000</b>	<b>Totals  £000</b>
<b>Payments due within 2 to 5 years (2021/22 to 2024/25)</b>						
Repayment of liability	6,716	372	4,373	3,875	1,753	<b>17,089</b>
Finance costs	19,092	793	11,122	7,760	3,056	<b>41,823</b>
Service charges (inc. life cycle replacement costs)	7,262	629	11,277	1,823	897	<b>21,888</b>
<b>Total payments due within 2 to 5 years</b>	<b>33,070</b>	<b>1,794</b>	<b>26,772</b>	<b>13,458</b>	<b>5,706</b>	<b>80,800</b>
<b>Payments due within 6 to 10 years (2025/26 to 2029/30)</b>						
Repayment of liability	12,402	788	8,584	5,309	2,472	<b>29,555</b>
Finance costs	25,633	1,024	11,813	8,058	3,260	<b>49,788</b>
Service charges (inc. life cycle replacement costs)	8,164	695	15,413	3,890	1,605	<b>29,767</b>
<b>Total payments due within 6 to 10 years</b>	<b>46,199</b>	<b>2,507</b>	<b>35,810</b>	<b>17,257</b>	<b>7,337</b>	<b>109,110</b>
<b>Payments due within 11 to 15 years (2030/31 to 2032/33)</b>						
Repayment of liability	17,341	0	12,507	7,122	3,144	<b>40,114</b>
Finance costs	24,898	0	7,747	6,009	2,551	<b>41,205</b>
Service charges (inc. life cycle replacement costs)	10,038	0	18,350	4,666	1,896	<b>34,950</b>
<b>Total payments due within 11 to 15 years</b>	<b>52,277</b>	<b>0</b>	<b>38,604</b>	<b>17,797</b>	<b>7,591</b>	<b>116,269</b>
<b>Payments due within 16 to 20 years (2035/36 to 2039/40)</b>						
Repayment of liability	1,163	0	9,474	9,679	3,709	<b>24,025</b>
Finance costs	1,439	0	2,147	3,283	1,586	<b>8,455</b>
Service charges (inc. life cycle replacement costs)	3,017	0	10,489	5,449	2,583	<b>21,538</b>
<b>Total payments due within 16 to 20 years</b>	<b>5,619</b>	<b>0</b>	<b>22,110</b>	<b>18,411</b>	<b>7,878</b>	<b>54,018</b>
<b>Payments due within 21 to 25 years (2040/41 to 2044/45)</b>						
Repayment of liability	0	0	0	4,335	3,373	<b>7,708</b>
Finance costs	0	0	0	341	429	<b>770</b>
Service charges (inc. life cycle replacement costs)	0	0	0	2,326	2,226	<b>4,552</b>
<b>Total Payments due within 21 to 25 years</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,002</b>	<b>6,028</b>	<b>13,030</b>



	<b>A A92 Dual Carriageway  £000</b>	<b>B Beech Hill House  £000</b>	<b>C Forfar/ Carnoustie Schools £000</b>	<b>D Forfar Community Campus £000</b>	<b>E Arbroath Schools  £000</b>	<b>Totals  £000</b>
<b>Total Payments Due</b>						
Repayment of liability	38,378	1,262	35,762	31,162	14,857	<b>121,421</b>
Finance Costs	75,401	2,037	35,741	27,534	11,697	<b>152,410</b>
Service charges (incl. life cycle replacement costs)	31,152	1,424	58,238	18,549	9,392	<b>118,755</b>
<b>Total Payments Due</b>	<b>144,931</b>	<b>4,723</b>	<b>129,741</b>	<b>77,245</b>	<b>35,946</b>	<b>392,586</b>

**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 2019 £000		31 March 2020 £000
5,539	Other Land and Buildings	3,959

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 2019 £000		31 March 2020 £000
	<b>Finance lease liabilities:</b>	
1,778	Current	1,805
3,248	Non-current	1,444
401	Finance costs payable in future years	290
<b>5,427</b>	<b>Minimum lease payments</b>	<b>3,539</b>

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

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
31 March 2019 £000	31 March 2019 £000		31 March 2020 £000	31 March 2020 £000
1,889	1,778	No later than one year	1,966	1,805
3,235	3,027	Later than one year and not later than five years	1,311	1,252
303	221	Later than five years	262	192
<b>5,427</b>	<b>5,026</b>	<b>Totals</b>	<b>3,539</b>	<b>3,249</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, payable by the 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 one property as a finance lease (previously 3). During 2019/20, one property was sold to the sitting tenant and the other is vacant and on the market for sale.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtors for the interest in the property 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 2019 £000		31 March 2020 £000
	<b>Finance lease debtors:</b>	
4	Current	1
4	Non-current	2
36	Unearned finance income	25
125	Unguaranteed residual values	70
<b>169</b>	<b>Gross Investment in the Lease</b>	<b>98</b>

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

Gross Investment	Minimum Lease Payments		Gross Investment	Minimum Lease Payments
31 March 2019 £000	31 March 2019 £000		31 March 2020 £000	31 March 2020 £000
13	13	No later than one year	9	9
156	30	Later than one year and not later than five years	89	19
<b>169</b>	<b>43</b>	<b>Totals</b>	<b>98</b>	<b>28</b>

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

### Operating Leases

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

## Note 25 - Capital Commitments

As at 31 March 2020, the Council has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2019/20 and future years, budgeted to cost £42.056 million (gross). Similar commitments at 31 March 2019 were £65.066 million (gross). The major commitments (on a gross basis) include:

- Angus on the Go – Integrated Transport Hub (£0.425 million);
- Montrose South Regeneration (£0.493 million);
- Restenneth Landfill Site Phase 3b Capping (£0.527 million);
- Arbroath Flood Strategy – Brothock Burn / Seawall (£9.981 million);

- Arbroath Schools Project – Phases 2 & 3a (£1.743 million);
- Provision Towards Extension at Edzell Primary School (£0.745 million);
- Early Learning & Childcare Centres in Carnoustie and Forfar (£3.090 million);
- Provision of New Council Affordable Housing (£2.999 million);
- Energy Savings / Reaching Zero Carbon (£11.775million);
- Kitchen Replacements (£1.400 million);
- Bathroom Replacements (£4.300 million).

#### Note 26 - Construction Contracts

At 31 March 2020 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 2019.

#### 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.

2018/19 £000	Movement in Year	2019/20 £000
<b>282,863</b>	Opening Capital Financing Requirement	<b>286,569</b>
	Capital Investment:	
49,421	Property, Plant and Equipment	44,137
	Sources of Finance:	
(1,639)	Capital Receipts	(194)
(16,479)	Government Grants and other Contributions	(28,798)
	Sums set aside from revenue:	
(12,085)	Direct revenue contributions	(13,985)
(10,520)	Loans Fund Principal	(8,959)
(4,992)	Repayment of Liability – Finance Lease / PFI & PPP	(4,292)
<b>286,569</b>	<b>Closing Capital Financing Requirement</b>	<b>274,478</b>
	<b>Explanation of Movements in year</b>	
(6,615)	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	(8,340)
201	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	541
(1,833)	Movement in liability of assets acquired under finance leases	(1,778)
11,953	Movement in liability of assets acquired under PFI/PPP contracts	(2,514)
<b>3,706</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(12,091)</b>

#### Capital Expenditure on Services

2018/19 Actual £000		2019/20 Actual £000	2019/20 Budget £000
	<b>CAPITAL EXPENDITURE ON SERVICES</b>		
282	Strategic Policy & Economy	139	830
10,772	Housing Revenue Account	14,162	20,654
43	Planning & Communities	46	1,368
2,647	Environmental Services	2,086	3,369

2,884	Property Asset	2,834	2,808
8,529	Roads & Transportation	6,826	7,808
5,806	Schools & Learning	15,627	18,244
1,386	Digital Enablement & Information Technology	339	1,209
155	Angus Health & Social Care Partnership	28	895
1,014	ANGUSalive	217	532
<b>33,518</b>	<b>Total Capital Expenditure</b>	<b>42,304</b>	<b>57,717</b>
	<b>Financing of Capital Expenditure</b>		
1,640	Sale of Assets	1,669	2,516
16,478	Government Grants & Other Contributions	27,323	29,678
10,591	Contribution from Revenue	12,135	11,519
703	Local Capital Fund	17	549
4,106	Advances from Loans Fund	1,160	13,455
<b>33,518</b>	<b>Total Capital Financing</b>	<b>42,304</b>	<b>57,717</b>

The Council did not capitalise any borrowing costs during 2019/20.

## 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

Financial Assets									
	Non-current				Current				
	Investments		Debtors		Investments		Debtors		Total
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2020 £000
Amortised Cost	337	491	4,582	3,870	60,764	62,226	20,881	18,433	85,020
Total Financial Assets	337	491	4,582	3,870	60,764	62,226	20,881	18,433	85,020

#### Financial Liabilities

	Non-current				Current				
	Borrowings		Creditors		Borrowings		Creditors		Total
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2020 £000
Amortised Cost	145,069	141,587	0	0	8,811	8,476	53,262	53,660	203,723
Total Financial Liabilities	145,069	141,587	0	0	8,811	8,476	53,262	53,660	203,723

LOBOs (Lender Option, Borrower Option loans) with a call date in the next 12 months amounting to £12 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.

2018/19		2019/20		
Total £000		Financial Liabilities Measured at amortised cost £000	Financial Assets Measured at amortised cost £000	Total £000
<b>(7,274)</b>	Interest expense	(7,176)	0	(7,176)
<b>(141)</b>	Losses on derecognition	(141)	0	(141)
<b>(7,415)</b>	<b>Interest payable and similar charges</b>	<b>(7,317)</b>	<b>0</b>	<b>(7,317)</b>
<b>901</b>	Interest income	0	1,054	1,054
<b>3</b>	Gains on derecognition	3	0	3
<b>904</b>	<b>Interest and investment income</b>	<b>3</b>	<b>1,054</b>	<b>1,057</b>
<b>(6,511)</b>	<b>Net gain /(loss) for the year</b>	<b>(7,314)</b>	<b>1,054</b>	<b>(6,260)</b>

### 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 128/20 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 128/20;
- 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 2019						31 March 2020	
Comparison Amount	Fair Value		Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	Comparison Amount	Fair Value
£000	£000		£000	£000	£000	£000	£000
116,167	161,907	PWLB	111,095	0	887	111,982	149,508
14,090	22,647	Market Debt	14,000	0	93	14,093	23,168
16,025	25,007	LOBOs	16,492	(492)	26	16,026	23,691
52,882	52,882	Creditors	51,890	0	0	51,890	51,890
7,100	7,130	Short term borrowing	7,457	0	13	7,470	7,717
380	380		1,770	0	0	1,770	1,770

		Bank overdraft					
<b>206,644</b>	<b>269,953</b>	<b>Total financial liabilities</b>	<b>202,704</b>	<b>(492)</b>	<b>1,019</b>	<b>203,231</b>	<b>257,744</b>
All of the Council's PWLB and LOBO loan portfolio are fixed rate, fixed term loans. The fair value of PWLB loans is significantly more than the carrying amount as the Council's PWLB loan portfolio contains a significant number of older loans with fixed rates which are significantly higher than the rates now available for similar PWLB loans at the Balance Sheet date. The fair value of LOBOs are higher than the carrying value as the LOBO loans predominantly comprise fixed rates that are higher than those available in the market for similar loans at the balance sheet date.							

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 2019			31 March 2020	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
1,363	1,363	Bank deposits of 7 days or less	6,445	6,445
38,155	38,155	Deposits with banks and building societies	26,155	26,155
17,573	17,573	Deposits with other local authorities	29,065	29,065
5,004	5,004	Money Market Fund deposits	7,003	7,003
364	364	Other Structured deposits	494	494
4,582	3,748	Long term debtors	3,870	3,091
20,881	20,881	Debtors	18,433	18,433
<b>87,922</b>	<b>87,088</b>	<b>Total financial assets</b>	<b>91,465</b>	<b>90,686</b>
All of the Council's bank, building society and local authority deposits are fixed rate, fixed term deposits of 1 year or less. The overall fair value of these deposits is 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 31<sup>st</sup> March 2020.

#### 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 2019/20 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 minus 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 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 2019/20 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 2019/20, 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 / ability to collect and experience and advice in respect of current market conditions.

	<b>Amounts at 31 March 2020</b>	<b>Historical experience of default</b>	<b>Historical experience adjusted for market conditions at 31 March 2020</b>	<b>Estimated maximum exposure – default etc</b>
	<b>£000</b>	<b>%</b>	<b>%</b>	<b>£000</b>
Deposits with the Council's main bank	6,445	0	0	0
Deposits with other banks	26,155	0	0	0
Deposits with other local authorities	29,065	0	0	0
Money Market Fund deposits	7,003	0	0	0
Collateralised deposits	0	0	0	0
Customers	3,497	6.23	9.24	323
<b>Totals</b>	<b>72,165</b>	<b>6.23</b>	<b>9.24</b>	<b>323</b>



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

The Council does not generally give credit for customers and in this regard it can be reported that £2.843 million of the £3.497 million customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

	<b>31 March 2020 £000</b>
Less than 3 months	889
3 to 6 months	151
6 months to 1 year	409
More than 1 year	1,394
<b>Total</b>	<b>2,843</b>

### Liquidity Risk

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

	<b>Upper Limit %</b>	<b>Lower Limit %</b>
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 19 £000		Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 20 £000
	<b>Loans Outstanding</b>			
117,757	PWLB	114,571	0	<b>114,571</b>
16,000	LOBOs - European Banks	16,492	(492)	<b>16,000</b>
14,000	Market Debt - UK Banks	14,000	0	<b>14,000</b>
<b>147,757</b>	<b>Total</b>	<b>145,063</b>	<b>(492)</b>	<b>144,571</b>
	<b>Maturity Structure</b>			
3,186	Less than 1 year	3,476	0	3,476
3,476	Between 1 and 2 years	2,448	0	2,448
10,926	Between 2 and 5 years	9,368	0	9,368
5,706	Between 5 and 10 years	5,409	0	5,409
124,463	Over 10 years	124,362	(492)	123,870
<b>147,757</b>	<b>Total</b>	<b>145,063</b>	<b>(492)</b>	<b>144,571</b>
The 2018/19 figures are shown for comparison. In the over 10 years category there are LOBOs with a Loan Value totalling £12 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 £33.2 million (16.6%).

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.

2018/19 £000		2019/20 £000
	<b>Expenditure</b>	
	<b>Interest Paid on Loans:-</b>	
5,855	Public Works Loan Board	5,695
0	Public Works Loan Board Redemptions	0
1,325	Other Mortgages and Bonds	1,336
42	Internal Loans	49
488	Interest Paid on Revenue Balances	547
112	Expenses of Borrowing	152
<b>7,822</b>	<b>TOTAL EXPENDITURE</b>	<b>7,779</b>
	<b>Income</b>	
602	Interest received	783
7,108	Interest Charged to borrowing accounts	6,844
112	Expenses recovered from borrowing accounts	152
<b>7,822</b>	<b>TOTAL INCOME</b>	<b>7,779</b>

### Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.33% in 2019/20. The 2018/19 rate was 4.28%.

### Debt Management Expenses

The equivalent rate for debt management expenses was 0.10%. The 2018/19 rate was 0.07%.

### Debt per Head of Population

The amount of debt outstanding at 31 March 2020 was £149.808 million or £1,289.23 per head of population. The figures at 31 March 2019 were £157.607 million or £1,358.21 respectively.

## Note 31 – Other Long Term Liabilities

Other long term liabilities (£120,348 million) are considered throughout the notes to the accounts. They essentially consist of two main factors; deferred income & deferred liabilities.

2018/19 £000		2019/20 £000
	<b>Other Long Term Liabilities</b>	
	<b>Deferred Income:</b>	
462	Prepaid Income	365
<b>462</b>	<b>TOTAL DEFERRED INCOME</b>	<b>365</b>
	<b>Deferred Liabilities:</b>	
3,249	Finance Leases	1,444
120	Government Funding	48
121,421	Outstanding Debt associated with PPP projects	118,491
<b>124,790</b>	<b>TOTAL DEFERRED LIABILITIES</b>	<b>119,983</b>
<b>125,252</b>	<b>TOTAL OTHER LONG TERM LIABILITIES</b>	<b>120,348</b>

**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.

The Council is involved in a legal case which has the potential for a settlement to be required of up to £0.122m. Due to the ongoing nature of the case it is not appropriate to include further details of the matter. The determination of whether settlement will be required is uncertain, and the contingent liability is recognised against the possibility of the Council being required to settle the matter.

## 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:

<b>Name of Combining Entity</b>	<b>Consolidation Method</b>
ANGUSalive	Subsidiary
Charitable Trusts: <ul style="list-style-type: none"> <li>Robert &amp; William Strang Mortification (SC018687)</li> <li>Angus Council Charitable Trusts (SC044695)</li> <li>Endowment Funds</li> </ul>	Subsidiary
Common Good	Subsidiary
Tayside Joint Valuation Board	Associate
Tayside Contracts Joint Committee	Associate
Angus Integration Joint Board	Joint Venture

## Group Movement in Reserves Statement as at 31 March 2020

	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 2018 (restated)	40,214	468,283	508,497	2,028	510,525
<b>Movement in reserves during 18/19</b>					
Surplus or (deficit) on provision of services	(17,970)	0	(17,970)	(1,254)	(19,224)
Other Comprehensive Expenditure and Income	0	9,030	9,030	54	9,084
<b>Total Comprehensive Expenditure and Income</b>	<b>(17,970)</b>	<b>9,030</b>	<b>(8,940)</b>	<b>(1,200)</b>	<b>(10,140)</b>
Opening balance / Group share adjustments	0	0	0	405	405
Adjustments between accounting basis and funding basis under regulations	23,347	(23,347)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>5,377</b>	<b>(14,317)</b>	<b>(8,940)</b>	<b>(795)</b>	<b>(9,735)</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0
<b>Increase / Decrease in Year</b>	<b>5,377</b>	<b>(14,317)</b>	<b>(8,940)</b>	<b>(795)</b>	<b>(9,735)</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>45,591</b>	<b>453,966</b>	<b>499,557</b>	<b>1,233</b>	<b>500,790</b>
<b>Movement in reserves during 19/20</b>					
Surplus or (deficit) on provision of services	(5,138)	0	(5,138)	(1,933)	(7,071)
Other Comprehensive Expenditure and Income	0	47,942	47,942	2,925	50,867
<b>Total Comprehensive Expenditure and Income</b>	<b>(5,138)</b>	<b>47,942</b>	<b>42,804</b>	<b>992</b>	<b>43,796</b>
Opening balance / Group share adjustments	0	0	0	315	315
Adjustments between accounting basis and funding basis under regulations	7,326	(7,326)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>2,188</b>	<b>40,616</b>	<b>42,804</b>	<b>1307</b>	<b>44,111</b>
Transfers to / from Earmarked Reserves	0	(3)	(3)	0	(3)
<b>Increase / Decrease in Year</b>	<b>2,188</b>	<b>40,613</b>	<b>42,801</b>	<b>1307</b>	<b>44,108</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>47,779</b>	<b>494,579</b>	<b>542,358</b>	<b>2,540</b>	<b>544,898</b>

**Group Comprehensive Income and Expenditure Statement for the year 31 March 2020**

2018/19 (Restated)				2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
122,280	(8,079)	114,201	Schools & Learning	129,762	(11,303)	118,459
57,301	(33,587)	23,714	Communities	55,608	(31,638)	23,970
21,777	(1,834)	19,943	Children, Families & Justice	22,114	(2,175)	19,939
26,630	(4,912)	21,718	Infrastructure	27,572	(5,504)	22,068
5,325	(1,350)	3,975	Finance	5,866	(1,484)	4,382
6,780	(866)	5,914	Human Resources, Digital Enablement, Information Technology & Business Support	8,721	(953)	7,768
9,631	(2,756)	6,875	Strategic Policy, Transformation & Public Sector Reform	7,928	(2,382)	5,546
4,036	(774)	3,262	Legal & Democratic	3,546	(754)	2,792
16,062	(3,492)	12,570	<b>Other Services</b>	9,571	(3,730)	5,841
3,103	(37)	3,066	<b>Facilities Management</b>	3,195	(543)	2,652
464	(3,869)	(3,405)	<b>Corporate Items</b>	306	0	306
753	(33)	720	<b>Joint Boards</b>	789	(8)	781
119,234	(71,917)	47,317	<b>Adult Services</b>	124,051	(73,886)	50,165
<b>393,376</b>	<b>(133,506)</b>	<b>259,870</b>	<b>General Fund Net Expenditure</b>	<b>399,029</b>	<b>(134,360)</b>	<b>264,669</b>
31,510	(29,610)	1,900	<b>Housing Revenue Account</b>	32,721	(30,705)	2,016
<b>424,886</b>	<b>(163,116)</b>	<b>261,770</b>	<b>Cost of Services - Council</b>	<b>431,750</b>	<b>(165,065)</b>	<b>266,685</b>
11,953	(5,892)	6,061	Interest in Subsidiary – Angus Alive	11,682	(5,559)	6,123
39	(73)	(34)	Interest in Subsidiary – Charitable Trusts	30	(71)	(41)
595	(363)	232	Interest in Subsidiary – Common Good	346	(333)	13
<b>437,473</b>	<b>(169,444)</b>	<b>268,029</b>	<b>Group Cost Of Services</b>	<b>443,808</b>	<b>(171,028)</b>	<b>272,780</b>
		982	Other Operating (Income)/ Expenditure - Council			<b>989</b>
		(268)	Other Operating (income)/ Expenditure –Associates & JV			<b>917</b>
		17,742	Financing & Investment (Income)/ Expenditure – Council			<b>17,850</b>
		(267,261)	Taxation and Non-Specific Grant Income - Council			<b>(285,465)</b>
		19,224	<b>Group Deficit on Provision of Services</b>			<b>7,071</b>
		(6,413)	(Surplus) or deficit on revaluation of non-current assets – Council			<b>(32,682)</b>

2018/19 (Restated)				2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		(93)	(Surplus) or deficit on revaluation of non-current assets - Subsidiaries			(4)
		(2,617)	Re-measurement of net pension liability - Council			(15,260)
		215	Re-measurement of net pension liability – Subsidiaries			(1,519)
		(176)	Re-measurement of net pension liability – Associates & JV			(1,402)
		(9,084)	<b>Other Group Comprehensive (Income) /Expenditure</b>			<b>(50,867)</b>
		10,140	<b>Total Group Comprehensive (Income)/Expenditure</b>			<b>(43,796)</b>



**Group Balance Sheet as at 31 March 2020**

31/03/2019 Restated £000		Group Notes	31/03/2020 £000
827,079	Property, Plant & Equipment		856,336
5,870	Heritage Assets		5,870
1,536	Investment Property		1,400
1,480	Assets Held for Sale		2,485
1,605	Long Term Investments		1,641
4,419	Long Term Debtors		3,684
<b>841,989</b>	<b>Long Term Assets</b>		<b>871,416</b>
60,817	Short Term Investments	10	62,279
391	Inventories		402
22,590	Short Term Debtors	9	21,444
3,485	Cash and Cash Equivalents	8	6,844
<b>87,283</b>	<b>Current Assets</b>		<b>90,969</b>
(400)	Provisions		0
(4,957)	Short Term Borrowing		(4,497)
(54,326)	Short Term Creditors	11	(52,875)
<b>(59,683)</b>	<b>Current Liabilities</b>		<b>(57,372)</b>
(145,069)	Long Term Borrowing		(141,587)
(93,617)	Pension Liability	12	(94,120)
(125,252)	Other Long Term Liabilities		(120,348)
(4,861)	Liability in Associates & Joint Ventures		(4,060)
<b>(368,799)</b>	<b>Long Term Liabilities</b>		<b>(360,115)</b>
<b>500,790</b>	<b>Net Assets</b>		<b>544,898</b>
49,620	Usable Reserves		52,363
459,100	Unusable Reserves		499,694
(7,930)	Group Reserves		(7,159)
<b>500,790</b>	<b>Total Reserves</b>		<b>544,898</b>

The accounts were issued for audit on the 30 June 2020 and the audited accounts were authorised for issue by the Director of Finance on 24 November 2020.

Ian Lorimer CPFA  
Director of Finance  
24 November 2020

**Group Cash Flow Statement as at 31 March 2020**

<b>2018/19 £000</b>		<b>2019/20 £000</b>
(18,433)	Net surplus or (deficit) on the provision of services	(7,071)
77,848	Adjustment to surplus or deficit on the provision of services for non-cash movements	60,322
(20,546)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(27,003)
1,772	(Surplus) or deficit attributable to Associates / Joint Ventures	2,156
(2,527)	(Surplus) or deficit attributable to Jointly Controlled Entities	(1,239)
<b>38,114</b>	<b>Net Cash Inflows from Operating Activities *</b>	<b>27,165</b>
(34,773)	Purchase of property, plant and equipment, investment property and intangible assets	(42,783)
(15,008)	Purchase of short-term and long-term investments	(1,521)
2,175	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	536
16,989	Other receipts / payments from investing activities	27,162
<b>(30,617)</b>	<b>Net Cash Outflows from Investing Activities</b>	<b>(16,606)</b>
(4,993)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,291)
(6,399)	Repayments of short and long-term borrowing	(3,355)
911	Other receipts / payments for financing activities	446
<b>(10,481)</b>	<b>Net Cash Outflows from Financing Activities</b>	<b>(7,200)</b>
<b>(2,984)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>3,359</b>
6,469	Cash and cash equivalents at the beginning of the reporting period	3,485
<b>3,485</b>	<b>Cash and Cash equivalents at the end of the reporting period (Note 8)</b>	<b>6,844</b>

\* The cash flows from operating activities in 2019/20 includes interest received of £1.118 million (2018/19 £0.892 million) and interest paid of £19.095 million (2018/19 £17.582 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.

After accounting for IAS 19 Employee Benefits, the net liabilities of Angus Alive were £3.703 million at 31 March 2020, compared to net liabilities of £4.235 million at 31 March 2019. The total Statement of Financial Activities including Income and Expenditure for the year to 31 March 2020 was net expenditure of £0.987 million, compared to net expenditure of £1.260 million for the period to 31 March 2019.

ANGUSalive's 2019/20 accounts may be obtained from: Angus Alive 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 124.

*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 126.

Associates

Two entities have been consolidated as associates into Angus Council's Group Accounts in 2019/20 – 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 26.67% (the share in 2018/19 was 26.05%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Board were £2.700 million at 31 March 2020, compared to net liabilities of £2.711 million at 31 March 2019. The total Comprehensive Income and Expenditure for the year to 31 March 2020 was net income of £0.011 million, compared to net expenditure of £0.373 million for the period to 31 March 2019.

A copy of Tayside Valuation Joint Board's 2019/20 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 2019/20, which is 30.7% (the share in 2018/19 was 32.2%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Joint Committee were £24.713 million at 31 March 2020, compared to net liabilities of £22.246 million at 31 March 2019. The total Comprehensive Income and Expenditure for the year to 31 March 2020 was net expenditure of £2.466 million, compared to net expenditure of £6.166 million for the period to 31 March 2019.

A copy of Tayside Contracts' 2019/20 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 3<sup>rd</sup> October 2015. It is a formal partnership between NHS Tayside and Angus Council to deliver health and social care from 1<sup>st</sup> April 2016.

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.

The net assets of the Board were £8.493 million at 31 March 2020, compared to net assets of £6.016 million at 31 March 2019. The cost of services (before allowance for grant income) for the year to 31 March 2020 was £171.157 million, compared to a cost of services of £164.367 million for the period to 31 March 2019. After allowing for grant income (funding from Angus Council and NHS Tayside), the total Comprehensive Income and Expenditure for the year to 31 March 2020 was net income of £2.477 million, compared to net income of £5.054 million for the period to 31 March 2019.

A copy of AIJB's 2019/20 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), ANGUSalive (subsidiary), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to increase both reserves and net assets by £2.540 million (2018/19 showed an increase of £1.233 million (restated)).

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. Turbulence in world markets arising from the COVID-19 pandemic has created medium-term uncertainty about scheme assets. The effect on the net pension liability of the Group of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in the Group pension liability of £16.559 million.

With regard to the COVID-19 pandemic in general, how the Group entities operate in the future will present challenges, with income, cashflow and methods of service provision all at risk of being fundamentally impacted. The Management Commentary of each Group entity provides some further information on the risks and uncertainties brought about by the COVID-19 pandemic.

**Note 8 – Group Cash and Cash Equivalents**

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

2018/19 £000		2019/20 £000
2,496	Cash held by the Group	2,172
(380)	Bank Overdraft	(1,770)
1,723	Cash Investments	6,442
<b>3,839</b>	<b>Total Cash and Cash Equivalents</b>	<b>6,844</b>

**Note 9 – Short Term Debtors (Net of Provisions)**

2018/19 Restated £000		2019/20 £000
22,464	Angus Council Debtors	21,026
11	Charitable Trusts Debtors	10
2	Common Good Fund Debtors	2
494	Angus Alive Debtors	583
(381)	Exclude Intra Company Debtors	(177)
<b>22,590</b>	<b>Total Group Debtors</b>	<b>21,444</b>

**Note 10 - Short Term Investments**

2018/19 £000		2019/20 £000
60,764	Angus Council Short Term Investments	62,226
53	Charitable Trusts Short Term Investments	53
<b>60,817</b>	<b>Total Group Short Term Investments</b>	<b>62,279</b>

**Note 11 – Short Term Creditors**

2018/19 Restated £000		2019/20 £000
52,882	Angus Council Creditors	51,890
3	Charitable Trust Creditors	6
30	Common Good Fund Creditors	33
1,792	Angus Alive Creditors	1,123
(381)	Exclude Intra Company Creditors	(177)
<b>54,326</b>	<b>Total Group Creditors</b>	<b>52,875</b>

**Note 12 – Liability Related to Defined Benefit Pension Scheme**

2018/19 £000		2019/20 £000
88,174	Angus Council – Pensions Liability	88,758
5,443	Angus Alive – Pensions Liability	5,362
<b>93,617</b>	<b>Total Group Pension Liability</b>	<b>94,120</b>

**Note 13 – Additional Disclosure**

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

2018/19 %		2019/20 %
<b>0.20%</b>	Tayside Valuation Joint Board	<b>0.21%</b>
<b>3.59%</b>	Tayside Contracts	<b>3.77%</b>
<b>1.69%</b>	Angus Alive	<b>1.55%</b>

As noted in the table below, the main liability relates to the obligations of the above in respect of defined benefit pension schemes. The pension accounting requirements of Financial Reporting Standards (FRS 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.

2018/19 Pension Scheme Obligations £000	2018/19 Total Gross Liabilities £000		2019/20 Pension Scheme Obligations £000	2019/20 Total Gross Liabilities £000
745	878	Tayside Valuation Joint Board	762	892
8,177	15,376	Tayside Contracts	8,467	15,752
5,443	7,235	Angus Alive	5,362	6,485

**Note 14 – Group Reserves**

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.230 million. 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 124.

**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) – although in previous years 3 Councillors had sat on the ACCCT Board, Angus Council was not considered to have had an interest as it had no rights to its assets or any responsibility for its liabilities. The company was wound up during 2019/20, with all assets transferring to Angus Council on 19 July 2019. These assets have subsequently been revalued and added to the Council's balance sheet at a value of £2.995 million, see note 11 to the accounts.
- ii) Angus Environmental Trust (AET) – whilst officers from Angus Council previously sat on the AET Board and provided some advisory / administrative functions, the Council was not considered to have had an interest as it had no rights to the assets of AET or any responsibility for its liabilities. The Trust was dissolved on 2 July 2019.
- 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.
- viii) SEEMiS – funded by the 32 participating local authorities, the principal activity is the provision of information technology solutions to education services. Angus Council provides a minimal percentage of SEEMiS' funding.
- ix) TAYplan – the Strategic Development Planning Authority for Angus, Dundee, North Fife and Perth, Angus Council is a member of this Joint Committee.

**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 – true and fair view.

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

ANGUSalive – true and fair view (Azets Audit Services).

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 2020 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 2020**

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.

2018/19 Actual £000		2019/20 Actual £000	2019/20 Budget £000
	<b>Expenditure</b>		
7,993	Repairs and Maintenance	8,890	8,443
6,838	Supervision and Management	7,933	8,118
793	Void Rents	878	378
12,693	Depreciation and impairment of non-current assets	13,240	13,240
912	Movement in the allowance for bad debts	(29)	500
727	Other expenditure	622	705
<b>29,956</b>	<b>Total Expenditure</b>	<b>31,534</b>	<b>31,384</b>
	<b>Income</b>		
(26,489)	Dwelling Rents	(27,714)	(27,429)
(581)	Non-Dwelling Rents	(622)	(641)
(1,258)	Other Income	(1,459)	(1,175)
<b>(28,328)</b>	<b>Total Income</b>	<b>(29,795)</b>	<b>(29,245)</b>
<b>1,628</b>	<b>Net cost of HRA services as included in the Comprehensive and Expenditure Statement</b>	<b>1,739</b>	<b>2,139</b>
272	HRA share of Corporate and Democratic Core	277	275
0	HRA share of other amounts included in the whole Council Net Cost of Services but not allocated to specific services	0	0
<b>1,900</b>	<b>Net cost of HRA Services</b>	<b>2,016</b>	<b>2,414</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
446	(Gain) or loss on sale of HRA non-current asset	666	666
1,383	Interest payable and similar charges	1,312	1,780
(1)	Interest and investment income	(1)	(1)
81	Pension interest cost and expected return on pension assets	89	89
(2,290)	Non-specific Grant Income	(1,827)	(1,827)
<b>1,519</b>	<b>(Surplus) or Deficit for the year on HRA services</b>	<b>2,255</b>	<b>3,121</b>

**Movement on the HRA Statement for the Year Ended 31 March 2020**

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.

2018/19 £000		2019/20 £000
<b>(4,285)</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>(4,211)</b>
1,519	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	2,255
(875)	Adjustments between accounting basis and funding basis under statute	(640)
<b>644</b>	<b>Net (Increase) or decrease before transfers to or from reserves</b>	<b>1,615</b>
	<b>Transfers to / (from) earmarked reserves:</b>	
(474)	Affordable Housing Account	(500)
(264)	SG Temp Accommodation	0
0	Use of HRA Balances	0
168	Appropriation of General Fund Property	0
<b>(570)</b>	<b>Net transfer to / from earmarked reserves</b>	<b>(500)</b>
<b>(4,211)</b>	<b>Housing Revenue Account surplus carried forward</b>	<b>(3,096)</b>
	<b>Summary of HRA Balance Commitments:</b>	
1,000	Minimum Policy Level	1,000
687	Survive and Thrive Commitment	687
1,181	Early Repayment of Debt/Debt Management	580
1,343	Scottish Housing Quality Standard / New Build	829
<b>4,211</b>	<b>Total HRA Balance Commitments</b>	<b>3,096</b>

# Notes to the HRA Income and Expenditure Statement

## Note of reconciling items for the Movement on HRA Statement

2018/19 £000		2019/20 £000
	<b>Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement</b>	
(12,693)	Depreciation	(13,240)
0	Employee Benefits	3
(446)	IAS 19 Pension Adjustment	(506)
<b>(13,139)</b>		<b>(13,743)</b>
2,187	Loans fund principal repayments	1,170
8,008	Capital expenditure funded by the HRA	10,360
474	Capital expenditure funded by Affordable Housing Reserve	500
(168)	Appropriation of General Fund Property	0
2,290	Non Specific Grant Income	1,827
(81)	HRA Share of contributions to or from the Pensions Reserve	(89)
<b>12,710</b>		<b>13,768</b>
	<b>Gain/Loss on Sale of HRA non-current assets</b>	
139	Non-current assets sales proceeds (net of cost of sales)	(192)
(585)	Net Book Value of non-current assets sold	(474)
<b>(446)</b>		<b>(666)</b>
<b>12,264</b>		<b>13,102</b>
<b>(875)</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<b>(641)</b>

## Housing Stock

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

2018/19		2019/20
<b>40% / 60%</b>	<b>Houses / Maisonettes</b>	<b>40% / 60%</b>
	<b>Stock changes can be summarised as follows:-</b>	
<b>7,621</b>	Stock at 1 April	<b>7,658</b>
	<b>Add:</b>	
29	New Build	8
12	Conversions	91
	<b>Less:</b>	
(3)	Right to Buy Sales	(0)
0	Open Market Sales	(4)
(1)	Closures / Demolitions	(2)
<b>7,658</b>	<b>Stock at 31 March</b>	<b>7,751</b>

### **Rent Arrears**

Rent arrears as at 31 March 2020 were £ 2.186 million, and the comparable figure for 31 March 2019 was £2.25 million.

The provision for bad or doubtful debt has been decreased from £1.602 million at 31 March 2019 to £1.441 million at 31 March 2020.

### **Prior Year Items**

There are no exceptional or prior year items disclosed in the 2019/20 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.

2018/19 £000		2019/20 £000
61,591	<b>Gross Council Tax Levied &amp; contributions in Lieu</b>	63,997
(5,307)	Council Tax Reduction Scheme (CTRS)	(5,324)
0	Discounts for Prompt Payment	0
(7,152)	Other Discounts & Reductions	(7,486)
(870)	Write-off of Uncollected Debts & Allowances for Impairments	(1,072)
<b>48,262</b>	<b>Net Council Tax Income</b>	<b>50,115</b>
(257)	Adjustment to previous years' Council Tax	(332)
<b>48,005</b>	<b>Transfers to the General Fund</b>	<b>49,783</b>

**Council Tax Income**

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

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two adult residents of a property. Discounts are made for unoccupied property. Persons who are in detention, qualifying students and people with learning disabilities are disregarded for Council Tax purposes. Reductions in Council Tax payable are also available for people with other qualifying disabilities. The range of values and the fractions used in calculating the Council Tax payable for each valuation band are set out below. 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 2019/20**

2018/19		Valuation Band								2019/20
TOTAL		A	B	C	D	E	F	G	H	TOTAL
56,186	Total Number of Properties	15,249	12,863	7,165	8,603	7,658	3,134	1,694	168	<b>56,534</b>
1,842	Less Exemptions/ Deductions	858	459	185	117	155	56	32	20	<b>1,882</b>
5,174	Less Adjustment for Single Discounts	2,195	1,201	635	582	393	109	52	3	<b>5,170</b>
833	Less Adjustment for Double Discounts	370	186	121	94	60	26	21	12	<b>890</b>
<b>48,337</b>	Effective Number of Properties	<b>11,826</b>	<b>11,017</b>	<b>6,224</b>	<b>7,810</b>	<b>7,050</b>	<b>2,943</b>	<b>1,589</b>	<b>133</b>	<b>48,592</b>
	Band D Equivalent Factor (Ratio)	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
46,956	Band D Equivalent Number of Properties	7,882	8,569	5,532	7,809	9,264	4,782	3,112	336	<b>47,286</b>
938	Less Provision for Non-Collection 1.75%	138	150	97	137	162	84	54	6	<b>828</b>
<b>46,018</b>	<b>Base as per Budget Setting</b>	<b>7,744</b>	<b>8,419</b>	<b>5,435</b>	<b>7,672</b>	<b>9,102</b>	<b>4,698</b>	<b>3,058</b>	<b>330</b>	<b>46,458</b>
4,834	Less CTRS Band D Equivalent	2,395	1,156	529	363	191	68	33	0	4,735
<b>41,184</b>		<b>5,349</b>	<b>7,263</b>	<b>4,906</b>	<b>7,309</b>	<b>8,911</b>	<b>4,630</b>	<b>3,025</b>	<b>330</b>	<b>41,723</b>

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2019/20 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**

2018/19 Effective Number of Properties	2018/19 Total Council Tax Charge £		2019/20 Effective Number of Properties	2019/20 Total Council Tax Charge £
11,856	758.19	A	11,826	780.93
11,013	884.55	B	11,017	911.09
6,150	1,010.92	C	6,224	1,041.24
7,739	1,137.28	D	7,810	1,171.40
6,974	1,494.26	E	7,050	1,539.09
2,906	1,848.09	F	2,943	1,903.53
1,561	2,227.18	G	1,589	2,293.99
138	2,786.35	H	133	2,869.93
<b>48,337</b>			<b>48,592</b>	

**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.

2018/19 £000		2019/20 £000
39,695	<b>Gross Rates Levied &amp; Contributions in Lieu</b>	40,381
(12,418)	Reliefs & Other Deductions	(12,805)
(259)	Write-offs of uncollectable debts & allowances for impairment	(298)
<b>27,018</b>	<b>Net Non-Domestic Rate Income</b>	<b>27,278</b>
(456)	Adjustment to previous years' National Non-Domestic Rates	(117)
0	Non-Domestic Rate Income Retained by Council (BRIS)	0
<b>26,562</b>	<b>Contribution to Non-Domestic Rate Pool</b>	<b>27,161</b>

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

2018/19 £000		2019/20 £000
25,101	Distribution from Non-Domestic Rate Pool	27,468
0	Non-Domestic Rate Income Retained by Council (BRIS)	0
<b>25,101</b>	<b>Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement</b>	<b>27,468</b>

The 2019/20 rate poundage which is set nationally was 49p with a large business supplement of 2.6p (rateable value in excess of £51,000).

**Rateable Subjects and Values (1 April 2019)**

<b>No of properties</b>	<b>Rateable Value as at 1 April 2018 £000</b>	<b>Non-Domestic Rateable Subjects</b>	<b>No of properties</b>	<b>Rateable Value as at 1 April 2019 £000</b>
1,154	16,407	Shops	1,161	16,707
89	1,396	Public Houses	88	1,326
477	4,783	Offices including banks	468	4,722
59	1,817	Hotels etc	60	1,784
1,223	17,175	Industrial Subjects etc	1,216	17,005
443	6,079	Leisure, Entertainment, Caravans etc	458	6,174
109	1,281	Garages and Petrol Stations	108	1,253
58	642	Cultural	58	632
777	1,251	Sporting Subjects	794	1,187
86	8,942	Education and Training	85	9,127
331	7,821	Public Service Subjects	327	7,834
11	131	Communications (Non Formula)	9	99
20	579	Quarries Mines etc	20	579
172	805	Religious	173	807
135	5,918	Health & Medical Care	134	5,831
382	5,948	Other	380	5,810
<b>5,526</b>	<b>80,975</b>	<b>Total</b>	<b>5,539</b>	<b>80,877</b>



**Charitable Trusts**

The Council acts as sole trustee for a total of 59 Charitable Trusts and Endowments including 54 Educational Endowments. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2020.

**Income and Expenditure Account for the year ended 31 March 2020**

2018/19		2019/20		
£000		OSCR Registered £000	Other £000	Total £000
	<b>Expenditure</b>			
39	Beneficiaries	29	1	30
35	Administration	35	0	35
<b>74</b>	<b>Total Expenditure</b>	<b>64</b>	<b>1</b>	<b>65</b>
	<b>Income</b>			
(51)	Rents, feu duties, dividends and interest	(47)	0	(47)
(19)	Loans Fund interest	(20)	(2)	(22)
(3)	Transfer from Capital Account/Endowment Funds	(2)	0	(2)
<b>(73)</b>	<b>Total Income</b>	<b>(69)</b>	<b>(2)</b>	<b>(71)</b>
<b>1</b>	<b>(Surplus)/Deficit</b>	<b>(5)</b>	<b>(1)</b>	<b>(6)</b>

**Balance Sheet as at 31 March 2020**

31/3/19		31 <sup>st</sup> March 2020		
Restated		OSCR Registered £000	Other £000	Total £000
£000				
	<b>Non-Current Assets</b>			
2	Heritable Property	0	2	2
1,278	Long Term Investments	1,150	0	1,150
<b>1,280</b>	<b>Total Non-Current Assets</b>	<b>1,150</b>	<b>2</b>	<b>1,152</b>
	<b>Current Assets</b>			
11	Debtors	10	0	10
53	Short Term Investments	53	0	53
1,008	Revenue Advances to Loans Fund	809	212	1,021
<b>1,072</b>	<b>Total Current Assets</b>	<b>872</b>	<b>212</b>	<b>1,084</b>
	<b>Current Liabilities</b>			
(3)	Creditors and accruals	(6)	0	(6)
<b>(3)</b>	<b>Total Current Liabilities</b>	<b>(6)</b>	<b>0</b>	<b>(6)</b>
1,069	<b>Working Capital</b>	<b>866</b>	<b>212</b>	<b>1,078</b>
<b>2,349</b>	<b>Total Net Assets</b>	<b>2,016</b>	<b>214</b>	<b>2,230</b>
	<b>Reserves</b>			
2,034	Capital Account/Endowment Funds	1,902	8	1,910
315	Reserve Account/Unrestricted Funds	114	206	320
<b>2,349</b>	<b>Total Reserves</b>	<b>2,016</b>	<b>214</b>	<b>2,230</b>

The accounts were issued for audit on 30 June 2020 and the audited accounts were authorised for issue by the Director of Finance on the 24 November 2020.

Ian Lorimer CPFA  
Director of Finance  
24 November 2020

**Notes - Principal Trust Funds**

Charity	Area Covered	Balance at 31/03/20 Capital £000	Balance at 31/03/20 Revenue £000
ACCT – Ward 1	Kirriemuir & Dean	65	2
ACCT – Ward 2	Brechin & Edzell	146	7
ACCT – Ward 3	Forfar & District	65	1
ACCT – Ward 4	Monifeith & Sidlaw	12	1
ACCT – Ward 5	Carnoustie & District	65	3
ACCT – Ward 6 & 7	Arbroath East & Lunan and West Letham	60	3
ACCT – Ward 8	Montrose & District	114	1
ACCT – Angus Wide	Angus Wide	66	5
Robert & William Strang Mortification	Forfar	1,309	91
<b>TOTAL</b>		<b>1,902</b>	<b>114</b>

**Capital Reserves/Endowment Funds**

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

	Balance at 01/04/19 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/03/20 £000
Movement during year	2,034	(128)	153	(149)	<b>1,910</b>

**Registered Charities**

Of the 59 Charitable Trusts and Endowments the Council is Trustee for, 2 are registered charities and require to be administered in line with the requirements of the Office of the Scottish Charities Regulator (OSCR). These are Angus Council Charitable Trust (SC044695) and 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 £6k in respect of Robert & William Strang Mortification (£3k) and Angus Council Charitable Trust (£3k) was borne by the charities.

**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 2020.

**Income and Expenditure Account for the year ended 31 March 2020**

Actual 2018/19 £000		Budget 2019/20 £000	Actual 2019/20 £000
	<b>Expenditure</b>		
44	Property Costs	30	18
1	Supplies and Services	2	0
29	Central Support Services Charges	29	22
360	Projects	532	136
43	Loan Interest & Principal Repayable	43	45
147	Depreciation & Impairment	147	147
<b>624</b>	<b>Total Expenditure</b>	<b>783</b>	<b>368</b>
	<b>Income</b>		
(303)	Fees, Charges etc	(303)	(303)
(23)	Interest on Revenue Balances	(22)	(27)
(37)	Other Income	(1)	(3)
<b>(363)</b>	<b>Total Income</b>	<b>(326)</b>	<b>(333)</b>
<b>261</b>	<b>Net (Surplus)/Deficit</b>	<b>457</b>	<b>35</b>

**Balance Sheet as at 31 March 2020**

as at 31 <sup>st</sup> March 2019 £000		As at 31 <sup>st</sup> March 2020 £000
	<b>Non-Current Assets</b>	
5,445	Heritable Property (less Depreciation), Other Assets	5,398
18	Long Term Debtors	16
<b>5,463</b>	<b>Total Non-Current Assets</b>	<b>5,414</b>
	<b>Current Assets</b>	
2	Debtors	2
2,846	Revenue Advances to Loans Fund	2,958
<b>2,848</b>	<b>Total Current Assets</b>	<b>2,960</b>
	<b>Current Liabilities</b>	
<b>(30)</b>	Creditors and Accruals	<b>(33)</b>
<b>(30)</b>	<b>Total Current Liabilities</b>	<b>(33)</b>
<b>2,818</b>	<b>Working Capital</b>	<b>2,927</b>
<b>(301)</b>	Long Term Creditor	<b>(268)</b>
<b>7,980</b>	<b>Total Net Assets</b>	<b>8,073</b>
	<b>Usable Reserves</b>	
2,043	Revenue Cash	2,155
803	Capital Cash	803
	<b>Unusable Reserves</b>	
2,494	Revaluation Reserve Account	2,484
2,640	Capital Adjustment Account	2,631
<b>7,980</b>	<b>Total Reserves</b>	<b>8,073</b>

The accounts were issued for audit on the 30 June 2020 and the audited accounts were authorised for issue by the Director of Finance on the 24 November 2020.

Ian Lorimer CPFA  
Director of Finance  
24 November 2020

**USABLE RESERVES****1. Movement in Individual Common Good Reserve Funds:****Revenue**

	Revenue Cash at 31/03/19 £000	Income £000	Expenditure £000	Revenue Cash at 31/03/20 £000
Arbroath	490	96	(92)	<b>494</b>
Brechin	487	73	(70)	<b>490</b>
Forfar	673	98	(19)	<b>752</b>
Kirriemuir	7	0	0	<b>7</b>
Montrose	386	66	(40)	<b>412</b>
<b>TOTAL</b>	<b>2,043</b>	<b>333</b>	<b>(221)</b>	<b>2,155</b>

**Capital**

	Capital Cash at 31/03/19 £000	Income £000	Expenditure £000	Capital Cash at 31/03/20 £000
Arbroath	281	0	0	<b>281</b>
Brechin	206	0	0	<b>206</b>
Forfar	202	0	0	<b>202</b>
Kirriemuir	0	0	0	<b>0</b>
Montrose	114	0	0	<b>114</b>
<b>TOTAL</b>	<b>803</b>	<b>0</b>	<b>0</b>	<b>803</b>

**UNUSABLE RESERVES****Capital Adjustment Account**

	Reserve Account Balance at 31/03/19 £000	Movement 2019/20 £000	Reserve Account Balance at 31/03/20 £000
<b>TOTAL</b>	2,640	(9)	<b>2,631</b>

**Revaluation Reserve Account**

	Reserve Account Balance at 31/03/19 £000	Movement 2019/20 £000	Reserve Account Balance at 31/03/20 £000
<b>TOTAL</b>	2,494	(10)	<b>2,484</b>

**2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2019/20**

	(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	97	(100)	0	(3)
Brechin	28	(31)	0	(3)
Forfar	(72)	(7)	0	(79)
Kirriemuir	0	0	0	0
Montrose	(18)	(9)	0	(27)
<b>TOTAL MOVEMENT IN YEAR</b>	<b>35</b>	<b>(147)</b>	<b>0</b>	<b>(112)</b>
2018/19 Balance b/fwd cash due Loans Fund				(2,846)
Increase per surplus above				(112)
<b>Cash due Loans Fund as at 31/03/20</b>				<b>(2,958)</b>

**3. Non Cash Transactions Adjusted in Note 2 Above**

	£000
Depreciation & Impairment	(147)
<b>Total</b>	<b>(147)</b>

The above Common Good accounts for 2019/20 and Balance Sheet as at 31/03/2020, have applied, where relevant, the same accounting policies as those for Angus Council's 2019/20 Annual Accounts as stated in "Note 1 – Summary of Significant Accounting Policies".

**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 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the council and its group as at 31 March 2020 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 2019/20 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 four 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.

**Emphasis of matter – property valuations**

I draw attention to Note 4 "Assumptions made about the future and other major sources of estimation uncertainty" in the financial statements, which describes the effects of material uncertainties, caused by Covid-19, declared in the valuation report for property valuations. My opinion is not modified in respect of this matter.

**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 report in a separate Annual Audit Report, 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](http://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; or
- there has been a failure to achieve a prescribed financial objective.

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.

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