

For year ending 31st March 2016

# Annual Accounts

2015  
2016



## Angus Council - Annual Accounts 2015/16

### Contents

Management Commentary	1-9
Annual Governance Statement	10-13
Remuneration Report	14-24
The Statement of Responsibilities	25
Movement in Reserves Statement	26
Comprehensive Income and Expenditure Statement	27
Balance Sheet	28
Cashflow Statement	29
<b>Notes to the Accounts</b>	
Note 1 – Statement of Accounting Policies	30-41
Note 2 – Accounting Standards Issued, Not Adopted	42
Note 3 – Critical Judgements in Applying Accounting Policies	42
Note 4 – Assumptions made about the Future and other Major Sources of Estimation certainty	42-43
Note 5 – Adjustments between Accounting Basis and Funding Basis under Regulations	43-46
Note 6 – Transfers to/from Ear Marked Reserves	47
Note 7 – Other Operating Expenditure	48
Note 8 – Financing and Investment Income and Expenditure	48
Note 9 – Taxation and Non Specific Grant Incomes	48
Note 10 – Grant Income	48
Note 11 – Amounts Reported for Resource and Allocation Decisions (Segmental Reporting)	49-51
Note 12 – External Audit Costs	51
Note 13 – Property Plant and Equipment	52-53
Note 14 – Heritage Assets	54-55
Note 15 – Investment Properties	55
Note 16 – Intangible Assets	56
Note 17 – Assets Held for Sale	56
Note 18 – Long Term Debtors	57
Note 19 – Inventories	57
Note 20 – Short Term Debtors	57
Note 21 – Cash and Cash Equivalents	57
Note 22 – Short Term Creditors	58
Note 23 – Provisions	58
Note 24 – Impairment Losses	58
Note 25 – Usable Reserves	58
Note 26 – Unusable Reserves	58-61
Note 27 – Capitalisation of Borrowing Costs	61
Note 28 – Terminations Benefits	61
Note 29 – Councillor Remuneration, Allowances and Expenses	62
Note 30 – Teachers Pensions Schemes Accounted for as Defined Contribution Schemes	62
Note 31 – Defined Benefit Pension Schemes	62-66
Note 32 – Cash Flow Statement – Operating Activities	66-67
Note 33 – Cash Flow Statement – Investing Activities	67
Note 34 – Cash Flow Statement – Financing Activities	67
Note 35 – Related Parties	68-70
Note 36 – PFI / PPP and Similar Contracts	70-73
Note 37 – Leases	73-75
Note 38 – Capital Commitments	75
Note 39 – Construction Contracts	75
Note 40 – Capital Expenditure and Capital Financing	75-76
Note 41 – 2015/16 Capital Budget	77
Note 42 – Financial Instruments	77-79
Note 43 – Nature and Extent of Risks Arising from Financial Instruments	80-82
Note 44 – Loans Fund Revenue Account	83
Note 45 – Other Long Term Liabilities	83
Note 46 – Prior Period Adjustments	83
Note 47 – Contingent Liability	83
Group Accounts	84-94
Housing Revenue Account and Notes	95-97
Council Tax Income Account and Notes	98-99
Non-Domestic Rates Account and Notes	100 -101
Charitable Trusts	102 -104
Common Good	105-107
Independent Auditor's report	108 -109

## Management Commentary

### 1. Introduction

This Management Commentary outlines key messages regarding the objectives and strategy of the Council and its financial performance over the 2015/16 financial year and also provides an indication of issues and risks which may impact upon the finances of the Council in the future.

#### Principal Activities

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

The Council has twenty nine councillors elected every five years to represent the interests of the local community. The management of Angus Council is led by the Chief Executive, Richard Stiff. The operational structure is divided into the Chief Executive Business Unit and three directorates: Children & Learning, Communities and Resources.

#### Annual Accounts 2015/16

This publication contains the financial statements of Angus Council as well as Group financial statements which bring together the Council's accounts with those of a number of other entities (see "Angus Council Group" under section 5 Supplementary Information below for further details) for the year ended 31 March 2016, and its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The Annual Accounts have been compiled in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 ("The Code") which governs the format and content of local authorities' annual accounts.

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

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

The Accounting Statements comprise:-

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

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

Details of the main accounting statements can be found on pages 26 to 29.

### 2. Main Objectives and Strategy of the Council

#### Council Plan 2014-17

Angus Council has the county's people and communities at the heart of everything it does. Our overriding priority is to provide excellent services targeted at those most in need. Our Council Plan 2014-17 sets out the ambitions and priorities we have for Angus together with the results we want to achieve. Our goal is to improve the opportunities and outcomes for the people, communities and businesses of Angus and we need to do that with less money. Like

every local council we will have less to spend in the future. We are on track to reduce our budget by £23 million for the period 2014 to 2017 and are focused on providing the services that are most needed by our communities. We are committed to the development of a new area based approach by 2017 to the planning and delivery of services, offering communities a better way of working with the council and our partners.

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

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

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

The Corporate Plan is a public facing, focused statement, setting out the Council's vision for Angus, which is 'Angus is a place where a first class quality of life can be enjoyed by all.' While we can't make this happen on our own we can, by working with other organisations and communities, create the more integrated, responsive and sustainable services that will help us achieve it.

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

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

#### **Public Performance Reporting**

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

#### **The Annual Budget and Setting Council Tax**

Angus Council approved a budget for 2015/16 on 12 February 2015. The 2015/16 budget was based on the Council Tax for band D remaining at £1,072 and a budgeted deficit for the year of £1.569 million was planned after taking account of government grants, inflation, borrowing costs and approved savings.

The Council also approved a £142.919 million (gross) four-year capital investment programme, covering the period 2015/16-2018/19.

### **3. Financial Performance in 2015/16**

#### **General Revenue Budget**

##### **General Fund**

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

It can be seen from Note 6 to the Accounting Statements that the General Fund balance at the end of the year was £29.609 million with £0.813 million of this earmarked for future use by Angus schools under the Devolved School Management (DSM) scheme. The opening balance on the General Fund at 1 April 2015 was £23.626 million including £0.646 million attributable to DSM. The movement on the General Fund Balance was therefore an increase of £5.982 million. The budget set for 2015/16 assumed a deficit of £1.569 million but after adjustments for budget carry forwards and other earmarked sums this moved to a budgeted deficit of £9.605 million. Accordingly the closing balance of £29.609 million represents an overall favourable movement against budget of £15.588 million. This closing balance of £29.609 million includes a Devolved School Management (DSM) balance of £0.813 million but excludes the Car Parking reserve (£0.059 million), Arbroath Harbour reserve (£0.251 million) and other specific reserves (£0.276 million) which are included in Note 6 (£30.244 million). The £15.588 million favourable movement arises as follows: -

Description	£m
Underspends on directorate budgets	11.801
Additional Council Tax income	1.122
Underspend on Debt Charges – Principal Repayments	2.895
Increased Surplus – Tayside Contracts	0.353
Other (various)	(0.583)
<b>Total</b>	<b>15.588</b>

A significant underspend has been reported to committee during the financial year and this increased as the year progressed as officers gained confidence in spend and income patterns. It should be borne in mind that a significant proportion of the underspends are one off as a large amount of this figure was planned and is a result of officers preparing for the impact of further budget cuts in future years. A significant amount of the underspend was due to staff vacancies and this will not be repeated given the savings applied in setting the 2016/17 budget.

Of the closing General Fund balance of £29.609 million, £0.813 million is attributable to DSM and £26.781 million is committed or earmarked as follows:-

Description	£m
Working Balance/Contingency (per existing policy)	4.000
<b>Earmarked monies</b>	
-Budget Setting 2016/17	1.185
- Unspent Grants & Government Grant Re-determination Monies to be spent in future years	4.870
- CFCR provision (capital budget funding)	2.891
- 50% & 100% Carry forwards from 2015/16	8.954
- Transforming Angus Change Fund	2.134
- Affordable Housing Revenue Account Balance	2.747
<b>Total</b>	<b>26.781</b>

Allowing for DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £2.015 million and the future use of this sum will require to be considered as part of the ongoing delivery of the 2016/17 budget and the development of the budget strategy for 2017/18 and beyond.

### **Housing Revenue Account**

The Housing Revenue Account is funded by Council House rents and some specific Government Grants and deals with council house management transactions. The actual movement on the Housing Revenue Account for 2015/16 is an increase of £2.128 million which has resulted in a surplus balance of £5.691 million at 31 March 2016.

The Housing Revenue Account budget set for 2015/16 assumed a breakeven position. The closing balance of £5.691 million therefore represents an overall favourable movement against budget of £2.128 million. The closing Housing Revenue Account balance was in excess of the £1.000 million minimum policy level with £4.691 million earmarked as follows:-

Description	£m	£m
Working Balance/Contingency (per existing policy)		1.000
<b>Earmarked monies</b>		
- Survive & Thrive (scheme to provide grant support to private developers)	0.687	
- Early Repayment of Debt	2.128	
- Allowance for SHQS / New Build Housing	1.876	4.691
<b>Total</b>		<b>5.691</b>

Whilst broadly on budget in most areas, the 2015/16 surplus of £2.128 million has primarily been achieved as a result of underspends on staff costs, repairs & maintenance costs, central support costs and capital financing costs.

### **Capital Budget**

The Council continues to make significant capital investment in Council Housing, schools, infrastructure, leisure, communities and town centres. £58.0 million (gross) was spent in 2015/16 and the major spend areas are detailed below. Funding of capital expenditure included £12.4 million from revenue, £1.9 million from receipts, and £25.4

million from Government grants & other contributions, with the balance of £18.3 million being met through internal funding and borrowing. Further information about the spending on capital projects is shown in Note 40 on page 76.

Major spend areas during the year included:

- £9.7 million on new provision / improvements of Council Housing stock;
- £15.5 million on the construction of Brechin Community Campus;
- £8.4 million on the provision of new primary schools in the Arbroath area;
- £2.0 million on new build / refurbishment of the wider school estate;
- £5.5 million on the Brechin flood prevention scheme;
- £8.8 million on road infrastructure; and
- £1.7 million on the construction of a new vehicle workshop.

The Council is able to regulate its own capital spending limits within a Prudential Framework recommended by CIPFA and endorsed by the Scottish Government. The Council's performance monitoring confirms its overall capital spending of £50.0 million (gross) was managed within the "Prudential Framework" limits approved by the Council. There was an underspend of £3.2 million (5.2%) against the approved capital programme with the works and associated spend moving to 2016/17. This is an improvement on 2014/15 where there was an underspend of £8.4 million (14.7%) against the approved capital programme. Analysis of the underspend shows a combination of internal and third party delays as well as reductions in some project costs.

Capital expenditure commitments for the construction / enhancement / purchase of property, plant and equipment totalling some £20.121 million (gross) exist as at 31 March 2016, £14.007 million of which relates to the General Fund and £6.114 million relates to Housing. On a net basis, some £17.201 million of commitments exist in total at 31 March 2016, of which £11.145 million relates to the General Fund and £6.056 million relates to Housing. (Source: 2016/17 General Fund Provisional Capital Budget Volume and 2016/17 Housing Rent Setting Report – Appendix 1). Similar commitments at 31 March 2015 totalled £41.457 million (gross). The major commitments (on a gross basis) are detailed within Note 38 on page 75.

#### **Capital Borrowing / Non Current Assets**

The council has several sources of borrowing to fund capital expenditure, the most significant of which is the Public Works Loan Board (PWLb), a Government sponsored body set up with the primary purpose of lending to U.K. local authorities. Capital debt being carried by the Council amounted to some £171.440 million at 31 March 2016, with £127.269 million attributable to the General Fund, £37.639 million to the Housing Revenue Account and £6.532 million to the former Tayside Police Joint Board. This external body debt was financed from external sources.

On the General Fund, borrowing increases overall indebtedness and consequently the level of principal repayments and loan interest to be paid increases each year. The funding of Housing Revenue Account capital expenditure has previously included more significant amounts of borrowing. Due to the reduced nature of the 2015/16 capital plan, combined with levels of capital receipts and revenue funding available, it has however not been necessary to take any new Housing Revenue Account borrowing in 2015/16.

#### **Funding of Capital Expenditure**

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

Note 40 outlines the capital expenditure undertaken during 2015/16 by Angus Council and how this was funded. The gross capital expenditure of £58.007 million (excluding PFI/PPP life cycle investment) was funded through borrowing (30.9%), sale of assets (3.3%), contribution from revenue and Capital Fund (22.1%), with the remainder (43.7%) being met from grants received / other income.

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

#### **Key Financial Ratios**

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

Financial Indicator	Commentary	2015/16	2014/15
<b>Reserves</b>			
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy is 1.3% of annual turnover which is considered appropriate in the context of the Council's financial and ongoing risk profile. This will be reviewed going forward as part of the budget strategy.	2.4%	2.0%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	100.5%	(30.0)%
<b>Council Tax</b>			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic climate and its effect on the local economy.	97.8%	97.6%
Ratio of Council Tax Income to Overall Level of Funding	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within local authority control. Angus Council in common with all Scottish local authorities has frozen Council Tax bills at 2008/09 levels.	15.4%	15.7%
<b>Financial Management</b>			
Actual Outturn compared to Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year.	94.0%	95.4%
Actual contribution to/from Unallocated General Fund Balance compared to Budget.		200.0	n/a
<b>Debt/Long-term Borrowing</b>			
Capital Financing Requirement (CFR) for the current year – all elements including PPP & Finance Leases	External debt levels are less than the CFR. This demonstrates that borrowing is for capital investment purposes only. More information is provided within the <i>Long-term and Short-term Borrowing</i> section below.	£255.187m	£247.088m
External Debt Levels for the current year		£243.234m	£246.304m
Capital Financing Requirement (CFR) for the current year – borrowing element only	External debt levels (market borrowing element only – i.e. PWLB & financial market debt) are less than the CFR. This demonstrates that borrowing is for capital investment purposes only. More information is provided within the <i>Long-term and Short-term Borrowing</i> section below.	£171.438m	£161.265m
External Debt Levels for the current year – market borrowing element only		£159.484m	£160.480m
Capital Debt Levels for the current year – borrowing element only		£171.438m	£161.265m
Ratio of financing costs to General Fund net revenue stream	These two ratios compliment the assurances of borrowing only being for capital purposes with an indication of the Council's ability to service the borrowing costs. The Council's cost of borrowing remains consistently below the Scottish average; is affordable; and fits with the Council's medium to long-term financial strategy.	9.9%	8.9%
Ratio of financing costs to HRA net revenue stream	These two ratios compliment the assurances of borrowing only being for capital purposes with an indication of the HRA's ability to service the borrowing costs. The HRA's cost of borrowing remains consistently below the Scottish average; is affordable; and fits with the HRA's medium to long-term financial strategy.	8.3%	9.0%

**Assets and Liabilities**

The Balance Sheet on page 28 summarises the Council's assets and liabilities as at 31 March 2016 and explanatory notes are provided. Total net assets have increased by £58.732 million to £473.498 million. Within this headline figure, there have been significant changes in both asset values and liabilities. Property, plant and equipment have increased by £34.474 million. On the liabilities side the pensions' liability has reduced by £21.693 million and short and long term borrowing has reduced by £1.336 million. The major changes in the Council's Balance Sheet between March 2015 and March 2016 are explained in more detail in the following paragraphs.

**Reserves**

The Council complies with the requirements of the CIPFA Guidance Note On Local Authority Reserves and Balances issued in November 2008 and reviews at least annually its reserves position and future needs. At 31 March 2016 the Council's overall usable reserves stood at £43.481 million which is approximately 12.5% of gross expenditure across all activities. These reserves provide cover for future revenue and capital expenditure in both General Fund services and Housing and are considered to provide an adequate level of protection against unforeseen events. These reserves will also provide flexibility to help meet future spending needs and pressures. Taking into account the uncommitted balance of £2.015 million and the policy contingency of £4.000 million, some £6.015 million of headroom exists within the General Fund Balance at 31 March 2016 which represents approximately 2% of the budgeted net expenditure on General Fund services for 2015/16, the same as the position in 2014/15. Taking into account commitments and the set contingency level, some £1.000 million of headroom exists within the HRA which represents approximately 3.9% of budgeted gross expenditure for 2015/16 and compares with 4.2% in 2014/15 (gross expenditure has been used as the HRA budgeted net expenditure is zero).

**Non-current and Current Assets**

Property, Plant & Equipment have increased in value by £29.019 million to £796.227 million. An increase in asset values resulting from major capital investment and a revaluation exercise of some assets was offset by depreciation charges for the year. Short term investments have decreased by £0.130 million and cash equivalents has increased by £3.921 million.

**Pensions Position**

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

The IAS19 requirements also lead to the creation of a Pension Asset or Pension Liability offset by a Pension Reserve. At the 31 March 2016 there was a Pension Liability of £124.665 million with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2016 of the Scheme's assets (investments, etc) attributable to the council and the present value of the liabilities relating to pensions for council employees (past and present). Thus if the council were to have discharged its responsibilities at 31 March 2016 there would have been a shortfall of some £124.665 million. The Pension Liability of £124.665 million compares with £146.358 million for the previous year – a favourable movement of £21.693 million.

As noted above, these liabilities are expressed in present value terms rather than the cash amount that will eventually be paid out in order to allow for the "time value of money". This is undertaken by discounting these future cash amounts by use of a corporate bond rate. The corporate bond rate used for the valuation as at 31 March 2016 was 3.7% (2014/15 3.3%). The decrease in cost of future liabilities is a result of better than expected investment returns in the year and a change in the financial assumptions applied under the IAS 19 Standard.

It is also important to recognise that this snapshot scenario is not a provision within the Scheme. The Scheme is a long term operation and periodic actuarial assessment is made of the rate of contribution that the council as an employer has to pay to the Pension Fund to ensure that it meets its long term liability. The 2015/16 Local Government Finance Settlement and the council's budget process provided the resources required to meet the council's net service expenditure in 2015/16. It is anticipated that future settlements, aligned with the council's budget process, will provide sufficient resources to finance future liabilities. It is, therefore, considered appropriate to adopt a going concern basis for the preparation of the Accounting Statements.

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

The Council's net borrowing reduced by £1.336 million during the year. Short-term borrowing reduced by £1.863 million whilst long-term borrowing increased by £0.550 million. This reflects the funding of the capital programme this year and repayment of borrowing.

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



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

The Council has low debt per head of population compared to other local authorities in Scotland in both General Fund services and Housing and the proportion of our net revenue income which is taken up by debt charges is expected to remain below the Scottish average for both these areas of service. The Council remained within its borrowing limits throughout 2015/16 and complied with its treasury management strategy for the year. The indicators listed in the key financial ratios section above, reflect a snapshot of the position as at 31 March 2016.

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

The Council's external borrowing remained below its capital financing requirement throughout the 2015/16 financial year.

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

The Council has provided £0.093 million in the Balance Sheet for eventualities which may have an impact on the financial position of the Council (see Note 23). The reasons for the provisions made are outlined in the note.

The council has a provision of £9.524 million included within short term debtors for bad debts (sales ledger, council tax, housing rents) as at 31 March 2016. There was a write-off against the bad debt provision during the year of irrecoverable debt due to the Council of £0.415 million for Council Tax and £0.433 million of sales ledger debts which was approved by the Head of Corporate Improvement and Finance under delegated authority. £0.250 million was also written off in respect of council house rents.

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

#### **Financial Management**

The Council has a good track record of prudent and effective financial management and of taking difficult long term budget decisions when they need to be taken. The council's good track record is supported by setting annual budgets on time, obtaining unqualified accounts, delivering services within budget year on year, no major issues with fraud through National Fraud Initiative, PFI, preparing a medium term financial strategy, a long term affordability position on capital and the development of a 3 year saving strategy. Financial year 2015/16 again saw Council directorates adhering to their cash limited budgets and this was despite the difficulties created by constrained budget resources. The Council's budget monitoring process during the year identified a number of over and under spends and this informed the 2016/17 budget setting process. Further investigation of the significant increase in the level of underspend at the end of the year compared to what was expected will be undertaken but the majority of this movement was due to one-off factors. The Council's performance in the collection of local taxes was maintained at an already strong position during 2015/16, although housing rent arrears increased somewhat the Council are actively reviewing and managing this.

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

Financial year 2015/16 has proven to be another challenging year for the Council with the Council's ability to generate capital receipts still constrained. The year also saw continued challenges in respect the generation of income from short term investment of the Council's surplus cash, however proactive Treasury Management achieved a higher than budget outturn. Collection of local taxes was higher than budgeted and was a result of increased council tax from a change in second home discount rules and a steady on going collection of council tax. Capital receipts for Housing were some £0.322m higher than the level set out in the 2015/16 monitoring budget, with higher levels of house purchase applications than normal being received and processed, with the impending end to Council House Sales at the end of August 2016. It has also proven more difficult to sell other surplus assets on the General Fund within the timescales and for the values which had originally been expected.

#### **Financial Outlook**

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

The period of austerity and reduction in the overall level of UK public sector expenditure is anticipated to extend for at least another four years, despite more encouraging signs over the past year of a UK economic recovery. The government grant settlement for the next financial year (2016/17) was significantly lower than the financial planning assumptions the Council made and increased the funding gap for the 2016/17 budget that needed to be resolved. Thereafter, economic commentators continue to forecast pressure on public expenditure until at least 2020. The Council, in line with prudent financial practice, continues to adopt a medium term horizon for financial planning purposes and decisions.

At the same time, the Council faces ongoing service and cost pressures arising from a range of issues, most significantly demographic and socio-economic factors which continue to play a major role in driving spending pressures for the Council, particularly in relation to social care services. The UK Government's welfare reform agenda continues with the introduction of changes to the benefits system providing challenges for the Council in terms of demand for services and support. In terms of structural reform, Angus Council has been actively preparing for the Scottish Government's policy to integrate elements of health and social care.

Going forward, the main concern for the Council and the services it provides is the expected significant reductions in government grant which will apply for the foreseeable future. These funding issues present significant challenges for the Council but the likely level of funding reduction, the extent of future budget pressures and the resulting funding shortfalls have been assessed and identified as part of the Council's Medium Term Financial Strategy and plans are in hand to ensure that future budgets will be delivered in line with statutory requirements. An update report in March 2016 reported an estimated funding shortfall of £26.5 million over the 3 year period 2017/18 to 2019/20.

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

### **Management of Risk**

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

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

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

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

### **Plans for the Future**

The Council has been actively preparing for the Scottish Government's policy reform programme in the area of Health and Social Care reform. A formal integration of health and care services between Angus Council and Tayside Health Board commenced on 1 April 2016 and this has financial and governance implications for both local government and the NHS in Scotland. Angus Health and Social Care Integration Joint Board are now responsible for commissioning future care services across Angus from 1 April 2016. Budgets for integrated services will be integrated to form a pool of resource which will have the flexibility to be redirected by the Board to address service pressures. The Council continues to work closely with the Scottish Government, professional associations and local NHS partners to ensure the new Board is well placed to deliver integrated services.

At its meeting of 11 December 2014, the Council took the decision to transfer Culture, Leisure and ACCESS office services to an arms-length charitable trust organisation (Angus Alive). The new organisation is wholly owned by the Council and the Council commissions services from the new organisation. The organisation operates as a separate legal entity run by a board comprising 4 Council appointed Trustees and 5 independent Trustees. With the exception of ACCESS line, the full range of services and facilities previously provided under the Council's Culture, Leisure and ACCESS office banners transferred to the new organisation on 1 December 2015.

The combination of anticipated cost pressures, coupled with reduced government grant income in the context of significant ongoing public sector reform, presents major challenges and financial risks to the Council over the medium term. The Financial Strategy estimates that between 2017 and 2020 further budget reductions of £26.5 million could be required. It is recognised that the scale of the financial challenge will require a fundamental review of aspects of its service delivery as the Council maintains its financial stability moving forward and protects its ability to deliver the most important services in the future. The Council continues to develop its longer term financial planning arrangements, which will support the identification of key longer term financial risks and appropriate longer term mitigation strategies. The ongoing funding pressures highlight the need for the Council to maintain stringent financial control and to continue to drive out efficiencies through the Council's budget process.

## 5. Supplementary Information

The Council has entered into 3 Public Private Partnerships and further details of these partnerships are contained in Note 36.

### Common Good

The Common Good Fund, administered by the Council, returned a deficit of £0.510 million (£0.326 million on a cash basis). Outgoings exceeded income, mostly from rents. The total usable reserves of the Common Good Fund now stand at £2.970 million which is available for use in future years, subject to maintenance of policy minimum balance levels (these total £0.901 million across the Funds). Despite ongoing expenditure on projects and property maintenance, it is projected that over the three year period 2016/17 to 2018/19 that the Common Good Funds will generate a total surplus of £0.557 million. The financial statements and notes of the Common Good Fund are detailed on pages 105-107.

### Angus Council Group

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with its share of five other entities – Common Good, Charitable Trusts, Tayside Contracts Joint Committee, Tayside Joint Valuation Board and Angus Alive. The effect of the inclusion of these five bodies in the Group Balance Sheet is to reduce both the "total assets less liabilities" and "total balances and reserves" by £5.273 million representing the Council's share of the net liabilities in these entities. This reflects the combined pension position of the associate entities. Further details of the nature of the business of these entities and their financial results can be found on pages 84 to 94.

### Financial Instruments

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

### Workforce

The people who work for the council are both its biggest investment (around 50% of our revenue budget) and its biggest asset – our success is built on their contribution. Through our workforce strategy we will create and maintain a workforce which is led and managed effectively, is the right size and shape, is committed and motivated and has the skills, knowledge and tools it needs.

### Events after the Balance Sheet Date

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

## 6. Where to Find More Information In This Document

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

### On Our Website

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

## 7. Conclusion and Acknowledgements

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

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

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

Richard Stiff	Councillor Iain Gaul	Ian Lorimer
Chief Executive	Leader of the Council	Head of Corporate Improvement and Finance
27 September 2016	27 September 2016	27 September 2016

## Annual Governance Statement

### Introduction

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

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

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

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2016. It also meets the requirements of the Local Authority Accounts (Scotland) Regulations 2014, which require all relevant bodies to prepare an annual governance statement. The statement covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statements.

### The Governance Framework

The Council's Local Code of Corporate Governance provides the framework against which compliance is measured. This Code sets out the key principles which require to be complied with to demonstrate effective governance. The Local Code of Corporate Governance is also applicable in general terms to elected members and officers on external bodies.

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 2015/16:

- Children and Learning
- Civic Licensing
- Communities
- Development and Enterprise (abolished June 2015)
- Development Standards
- Policy and Resources
- Scrutiny and Audit
- Social Work and Health

The processes which govern the conduct of the council's business and the roles and responsibilities of elected members and officers are defined in standing orders and related documents and in financial regulations. These are reviewed regularly and revised where appropriate.

The council's chief executive is responsible and accountable for all aspects of executive management. The corporate management structure is led by the Executive Management Team (EMT) and the Council Management Team (CMT). During 2015/16, the EMT comprised the Chief Executive, three Strategic Directors and the Chief Officer Integration. The EMT members plus ten Heads of Service formed the CMT.

The Council operates an internal audit service, situated in the Chief Executive's Unit, which operates in accordance with the Public Sector Internal Audit Standards. The service undertakes an annual programme of work approved by the Scrutiny & Audit Committee based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes within the council.

The Audit Manager reports on a contract management basis to the Service Manager - Governance & Consultancy, with open access to elected members and the Chief Executive. The Audit Manager reports on a functional basis to the Scrutiny & Audit Committee. The Audit Manager reports in his own name, retains final edit rights over all audit reports and provides to members an annual report on governance, risk and internal control, which specifically includes internal financial controls, in support of the Head of Corporate Improvement & Finance's statutory responsibilities for the proper administration of the council's financial affairs.

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

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

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

The Council's financial management arrangements do not fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) because the Head of Corporate Improvement & Finance, as Chief Financial Officer for the Council, does not report directly to the Chief Executive. The Council's arrangements do however achieve the same impact and, with the exception of management reporting lines, comply in all material respects with the CIPFA Statement on the Role of the Chief Financial Officer. The Head of Corporate Improvement & Finance is a member of the Council Management Team, is the Council's most senior adviser on all financial matters, is involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. For the year under review the Head of Corporate Improvement & Finance was able to fulfil the requirements of the Chief Financial Officer's role through the arrangements which existed.

Further details of the council's governance framework can be found in the 2015/16 self-assessment report, which can be accessed from the council's website. The framework has been in place for the year ended 31 March 2016 and up to the date of approval of the Council's Annual Accounts.

#### **Review of Framework**

The council conducts an annual review of the effectiveness of its overall governance framework. The review is informed by the work of an officer working group on corporate governance. This group has responsibility for monitoring compliance with the local code and making recommendations for additions and/or improvements to the code to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The group undertakes an annual self-assessment against the Local Code of Corporate Governance. That self-assessment is in turn informed by: assurances from strategic directors who have responsibility for the development and maintenance of the governance environment within their directorate and who in turn identify actions to improve governance at a directorate level; assurances from the S95 Officer, Monitoring Officer and Chief Social Work Officer; the Audit Manager's annual review of corporate governance; and by comments made by external auditors and other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2015/16 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

In particular the review noted the following:

- From June 2015, the remit of the Development & Enterprise committee transferred to the Policy & Resources committee. The remit of the Police and Fire & Rescue sub-committee of the Policy & Resources committee transferred to the Scrutiny & Audit committee.
- From 1 April 2016, adult social work services are delivered under the direction of the new Angus Health & Social Care Partnership, established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The work of the partnership is overseen by the Integration Joint Board (IJB), which was established with effect from 3 October 2015. The internal audit teams of Angus Council and NHS Tayside jointly reviewed the due diligence processes undertaken by the Council and the Health Board and concluded that the processes comprehensively covered the requirements of the national financial assurance guidance.

- A report on governance arrangements in respect of the IJB post integration was considered by the Council on 12 May 2016. Agendas, reports and minutes of the IJB will be published on the Council website from 1 April 2016.
- The council's Chief Social Work Officer (CSWO) has a responsibility to ensure the provision of effective professional advice to elected members and officers in the authority's provision of statutory social work duties and to provide professional governance and leadership in the delivery of social work and social care services. The 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 2015/16 annual report will be submitted to the Scrutiny & Audit committee after the summer recess. The 2016/17 annual report will be submitted to the committee in June 2017, so that it can be considered at the same meeting as other governance assurances. The CSWO assurances cover all social work services, including those that come under the responsibility of the IJB.
- Revised Standing Orders, Order of Reference of Committees and Scheme of Delegation to Officers were approved by Council in September 2015. Further changes will be made during 2016/17 to reflect the recently agreed governance arrangements for the Integration Joint Board.
- The Community Empowerment (Scotland) Act 2015 introduced Local Outcome Improvement Plans, which will replace Single Outcome Agreements. A new Local Outcome Improvement Plan for Angus will be finalised by the end of September 2017; this will focus on long term aspirations to address inequality gaps across Angus communities. Design charrettes, which are intended to improve community engagement and consultation, have been undertaken in five of the main Angus towns. Charrettes are planned for the remaining three towns and one rural area by March 2017.
- On 1 December 2015, culture and leisure services were transferred to Angus Alive, a charitable trust. The Angus Alive Board comprises four elected members from Angus Council and five independent board members. The planned governance arrangements were reviewed by Internal Audit in 2015 and a further review has been included in the 2016/17 Internal Audit Plan.
- The Local Scrutiny Plan 2016/17 for Angus is based on a shared risk assessment undertaken by the Local Area Network (LAN), which comprises representatives of all of the scrutiny bodies who engage with the council. The 2016 risk assessment did not identify any new scrutiny risks. The LAN had previously concluded that Best Value work should be undertaken in 2015/16. The fieldwork was carried out in March 2016 and the report is scheduled for publication in September 2016.
- On 1 May 2015 the responsibility for investigating allegations of Housing Benefit fraud in Angus transferred to the Department for Work and Pensions Single Fraud Investigation Service. All other corporate fraud work remains the responsibility of the council. Staff from the former Benefits Fraud team have been retained as a corporate counter-fraud team.
- During 2015/16, we reviewed our counter-fraud framework. This included a self-assessment against CIPFA's *Code of Practice on Managing the Risks of Fraud & Corruption*. Work continues to finalise and publicise the revised policies and procedures and ensure that they are embedded throughout the council.
- The Council's workforce strategy was approved by the Policy and Resources Committee on 1 September 2015.
- The review of the Local Code of Corporate Governance planned for 2015/16 was delayed pending publication of revised guidance by CIPFA/SOLACE, which was issued in April 2016.
- Work continues to embed the information governance framework throughout the Council. The Information Governance Improvement Plan 2016-18 was approved by the Information Governance Steering Group in April 2016. Progress will be monitored by the Steering Group, which in turn reports to the Transforming Angus Programme Board.
- A small number of data security breaches have been reported to the Information Commissioner's Office. These have not resulted in any action being taken by the Commissioner.

- During the period 1 April 2015 to 31 March 2016, Angus councillors were referred to the Standards Commission for investigation on six separate occasions. One councillor was found to be in breach of the Code of Conduct and was suspended from the Council, Committees and Sub-Committees for a period of two months. No action was taken in respect of two complaints and three complaints are still under investigation.
- In the period leading up to local government elections in May 2017, it is important that respectful relationships between elected members are maintained, with a focus on making decisions that deliver lasting outcomes in the face of mounting budget challenges.

The 2015/16 review identified a number of areas where improvements could be made to strengthen the council's corporate governance framework. These are included in the Annual Governance Statement action plan, submitted to the Scrutiny & Audit committee in June 2016. Progress will be monitored through the Covalent performance management system and reported to the Scrutiny & Audit committee. An update on the improvement actions identified in the 2014/15 Annual Governance Statement was also submitted to the Scrutiny & Audit Committee in June 2016.

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

The external audit of the Angus Alive accounts has highlighted issues regarding updating of the sales ledger to reflect receipts, and absence of regular bank reconciliations. An action plan is being implemented to address these matters.

**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 council's Code of Corporate Governance.

Richard Stiff		Councillor Iain Gaul
Chief Executive		Leader of the Council
27 September 2016		27 September 2016

## Angus Council Remuneration Report 2015/16

### Background

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

In accordance with this requirement this report sets out:-

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

### Senior Councillors Remuneration Policy Context

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

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

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

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2015/16 the salary for the Leader of Angus Council is £33,454. The Regulations permit the council to remunerate one Civic Head. The regulations set out the maximum salary that may be paid to that Civic Head. Angus Council's Civic Head (the Provost) is paid at 75% of the Leader of the Council's salary (£25,090). 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 £271,804 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 2015/16 was for the Conveners of the “main” committees to have salaries of £22,449 and the Vice Conveners of the “main” committees to have salaries of £18,074.

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-Convenor 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-Convenor of a Joint Board beyond that which they would receive from their role as a Senior Councillor or Councillor with their own local authority.

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

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

From 1 April 2015 there were 17 senior councillors as a result of the Council's committee structure. The remuneration paid to these councillors is detailed in Appendix 1. Note 2 to Appendix 1 highlights that 2 senior councillor positions are not classed as senior councillors as defined by legislation and are therefore not remunerated as such. The



Regulations also permit the Council to pay contributions as required to the Local Government Pension Scheme in respect of those councillors who elect to become participants in the pension scheme.

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

#### Senior Employees Remuneration Policy Context

In accordance with The 2014 Regulations, the senior employees included in the table at Appendix 2 include any local authority employee:-

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the Authority (including activities involving the expenditure of money), during the year to which the Remuneration Report relates, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

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

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

Senior employees may also have a contractual right of access to the Council's car lease scheme and where they are participating this is included within "non-cash expenses" together with any other benefits in kind. The remuneration information detailed in Appendix 2 is, as required by The 2014 Regulations, relates to the total received by an individual while they are an incumbent of a senior employee post. Employees commencing or leaving employment during the course of the year and changes in expenses can therefore create distortions in the comparative figures between years. In light of this and for the purpose of clarity, detailed below are the salaries for 2014/15 and 2015/16 of the posts which are classed as senior employees of the Council. The 2015/16 salaries include the 1.5% national local government pay settlement that was implemented during 2015/16.

Table 1

Post	Notes	2015/16 Salary £	2014/15 Salary £	Movement £
<b>Senior Management - Angus Council</b>				
Chief Executive		131,355	130,421	934
Strategic Director - Resources		106,578	105,003	1,575
Strategic Director - People		106,578	105,003	1,575
Strategic Director – Communities		106,578	105,003	1,575
Head of Corporate Improvement & Finance		90,574	89,235	1,339
Head of Legal & Democratic Services		90,574	89,235	1,339
Head of Children's Services & Chief Social Work Officer		90,574	89,235	1,339
<b>Total</b>		<b>722,811</b>	<b>713,135</b>	<b>9,676</b>
<b>Subsidiary Body : Angus Alive</b>				
Chief Executive – K Hunter	From 26/11/2015	30,040	0	30,040

Note – The post of Head of Schools & Learning was previously included as the Council's Chief Education officer. This role is however undertaken by the Strategic Director – People, therefore the Head of Schools & Learning post has now been removed from Table 1 above as well as Appendices 2 & 5.

#### General Disclosure Of Employees By Remuneration Band

Appendix 3 shows the number of Council employees who received remuneration in excess of £50,000 per annum in 2014/15 and 2015/16 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

**Exit Packages**

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

Table 2 below discloses the number of relevant exit packages agreed during 2015/16 and their costs grouped in the relevant bandings.

Table 2

Banding by total cost of each exit package	Total Number Agreed		Pension Fund Strain & Redundancy Payments cost of exit packages in each band		Capitalised Added Years cost of exit packages in each band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£			£	£	£	£	£	£
Up to 20,000	<b>65</b>	10	<b>265,126</b>	38,193	<b>174,445</b>	14,190	<b>439,571</b>	52,383
20,001 – 40,000	<b>19</b>	6	<b>262,678</b>	69,029	<b>255,824</b>	75,981	<b>518,502</b>	145,010
40,001 – 60,000	<b>2</b>	1	<b>26,515</b>	0	<b>67,125</b>	50,358	<b>93,640</b>	50,358
60,001 – 80,000	<b>1</b>	1	<b>18,678</b>	63,577	<b>41,999</b>	0	<b>60,677</b>	63,577
80,001 – 100,000	<b>3</b>	0	<b>40,853</b>	0	<b>239,753</b>	0	<b>280,606</b>	0
100,001 – 150,000	<b>1</b>	0	<b>10,925</b>	0	<b>113,801</b>	0	<b>124,726</b>	0
150,001 – 200,000	<b>1</b>	0	<b>30,000</b>	0	<b>126,199</b>	0	<b>156,199</b>	0
200,001 – 250,000	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0
250,001 – 300,000	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0
300,001 – 350,000	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0
<b>Total</b>	<b>92</b>	18	<b>654,775</b>	170,799	<b>1,019,146</b>	140,529	<b>1,673,921</b>	311,328

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

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

**Pension Benefits Policy Context**

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

From 01/04/2015 both Councillors' and local government employees' pension benefits are based on career average pay. Their pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted by the change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the re-valued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

Normal Pension Age equals State Pension Age for benefits built up from 1st April 2015. From 1 April 2009 a tier contribution system was introduced for scheme participants. A participant's total contributions are based upon 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 2015/16 and 2014/15 are shown in table 3 below:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable By Councillors/ Employees 2015/16	Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2014/15
Up to £21,102	5.50%	Up to £20,500	5.50%
Between £21,103 and £27,397	Between 5.60% and 6.00%	Over £20,500 and up to £25,000	7.25%
Between £27,398 and £34,415	Between 6.10% and 6.50%	Over £25,000 and up to £34,400	8.50%
Between £34,416 and £41,438	Between 6.60% and 7.00%	Over £34,400 and up to £45,800	9.50%
Between £41,439 and £48,544	Between 7.10% and 7.50%	Over £45,800	12.00%

Further information on the LGPS can be found at:-

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

The pension benefits in respect of those senior councillors who take part in the LGPS are detailed in Appendix 4 while those in respect of senior employees are detailed in Appendix 5.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum (in respect of post 1 April 2009 accrued benefits only); and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service with Angus Council (and its predecessors) or has transferred into the Fund from another employer. It is highlighted, however, that the pension benefits arising from any additional voluntary contributions undertaken by the individual are excluded from the figures shown in the Appendices in accordance with The 2014 Regulations.

**Audit Review**

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

Richard Stiff		Councillor Iain Gaul
Chief Executive		Leader of the Council
27 September 2016		27 September 2016

**Remuneration of Senior Councillors (1 April 2015 to 31 March 2016)**

The following table provides details of the remuneration paid to Angus Council's councillors who held senior roles in 2015/16.

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2015/16 Salary, fees & allowances £	2015/16 Taxable Expenses £	2015/16 Non-cash expenses £	2015/16 Total £	2014/15 Total £
Vice-Convener of Scrutiny & Audit	B Boyd	-	18,074	0	0	18,074	17,581
Vice-Convener of Children & Learning / # Development & Enterprise Vice-Spokesperson of Policy & Resources	L Devine	# From 22/11/15	18,074	0	0	18,704	17,581
Finance Vice-Convener of Policy & Resources / Vice-Convener of Development Standards	B Duff	-	18,074	0	0	18,074	17,581
Development & Enterprise Spokesperson of Policy & Resources	M Evans	-	22,449	0	0	22,449	22,227
Vice-Convener of Civic Licensing	C Fotheringham	-	18,074	0	0	18,074	17,581
Leader of the Council / Convener of Policy & Resources	I Gaul	-	33,454	0	0	33,454	33,123
Vice-Convener of Communities	J Gaul	2	16,726	0	0	16,726	16,560
Development & Enterprise Vice-Spokesperson of Policy & Resources	S Hands	To 21/10/15	10,171	0	0	10,171	17,581
Vice-Convener of Social Work and Health / Vice-Convener of Tayside Joint Valuation Board	J Houston	1 & 2	19,864	0	0	19,864	19,667
Depute Provost / Finance Convener of Policy & Resources / Convener of Civic Licensing / Depute Civic Head	A King	-	22,449	0	0	22,449	22,227
Convener of Social Work and Health	G Middleton	-	22,449	0	0	22,449	22,227
Convener of Communities	D Morrison	-	22,449	0	0	22,449	22,227
Convener of Development Standards	R Murray	-	22,449	0	0	22,449	22,227
Civic Head (Provost)	H Oswald	-	25,090	0	0	25,090	24,842

Angus Council – Annual Accounts for year ended 31<sup>st</sup> March 2016

Responsibility (1 April – 31 March)	Senior Councillor	Notes	2015/16 Salary, fees & allowances £	2015/16 Taxable Expenses £	2015/16 Non-cash expenses £	2015/16 Total £	2014/15 Total £
Convener of Scrutiny & Audit	B Spink	-	22,449	0	0	22,449	22,227
Depute Leader / Vice-Convener of Policy & Resources	P Valentine	-	25,090	0	0	25,090	24,842
Convener of Children & Learning	S Welsh	-	22,449	0	0	22,449	22,227
	TOTAL		359,834	0	0	359,834	362,528

Notes:

1. £3,138 of the remuneration relates to the councillor's responsibility as Vice Convener of Tayside Valuation Board and this is paid by the Joint Board rather than the Council
2. Councillors who hold a senior position but are not senior councillors (as defined by legislation) and were therefore not remunerated as such

**Remuneration of Senior Employees**

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

Post	Senior Employee	2015/16 Salary, fees & allowances £	2015/16 Taxable Expenses £	2015/16 Non-cash expenses £	2015/16 Total Remuneration £	2014/15 Total Remuneration £
Chief Executive *	R Stiff	131,355	0	0	131,355	130,421
Strategic Director - Resources	M Armstrong	106,578	0	0	106,578	105,003
Strategic Director - People **	M Williamson	106,578	0	0	106,578	105,003
Strategic Director - Communities	A McKeown	106,578	0	4,601	111,179	108,470
Head of Corporate Improvement & Finance	I Lorimer	90,574	0	0	90,574	89,235
Head of Legal & Democratic Services	S Hunter	90,574	0	0	90,574	89,235
Head of Children's Services & Chief Social Work Officer	T Armstrong	90,574	0	0	90,574	89,235
<b>Total</b>		<b>722,811</b>	<b>0</b>	<b>4,601</b>	<b>727,412</b>	<b>716,602</b>
<b>Subsidiary Body : Angus Alive</b>						
Chief Executive ***	K Hunter	30,040	0	0	30,040	0

\* The 2015/16 salary figure of the Chief Executive includes Returning Officer duties and payments of £4,308 and Counting Officer payments of £1,056.75

\*\* As noted after Table 1 earlier, the role of Chief Education officer is undertaken by the Strategic Director – People. The post of Head of Schools & Learning is accordingly no longer included above.

\*\*\* The Chief Executive of Angus Alive was in post from 26/11/2015.

**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 Appendix 2.

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

Remuneration Band	2014/15	2014/15	2014/15	2014/15
	LGE	SNCT	CO	TOTAL
£50,000 - £54,999	5	34	1	40
£55,000 - £59,999	3	11	6	20
£60,000 - £64,999	0	1	3	4
£65,000 - £69,999	0	2	3	5
£70,000 - £74,999	1	3	2	6
£75,000 - £79,999	0	2	2	4
£80,000 - £84,999	0	0	1	1
£85,000 - £89,999	0	0	7	7
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	0	3	3
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	1	1
<b>Total</b>	<b>9</b>	<b>53</b>	<b>29</b>	<b>91</b>

**Pension Benefits – Senior Councillors**

Fifteen of the seventeen senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2016 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

Responsibility 15/16	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/16 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/15 £	Accrued Pension Benefit at 31/3/16 £000s	Accrued Pension Benefit at 31/3/16 lump sum £000s	Accrued Pension Benefit Movement from 31/3/15 £000s	Accrued Pension Benefit Movement from 31/3/15 lump sum £000s
Vice Convener of Scrutiny & Audit	B Boyd	-	3,073	3,165	2	0	1	0
Vice-Convener of Children & Learning / # Development & Enterprise Vice-Spokesperson of Policy & Resources	L Devine	# From 22/10/2015	3,073	3,165	2	0	1	0
Finance Vice-Convener of Policy Resources / Vice-Convener of Development Standards	B Duff	-	3,073	3,165	1	0	0	0
Development & Enterprise Spokesperson of Policy & Resources	M Evans	-	3,816	4,001	3	1	1	0
Vice-Convener of Civic Licensing	C Fotheringham	-	3,073	3,165	1	0	0	0
Leader of the Council / Convener of Policy & Resources	I Gaul	-	5,687	5,962	5	2	3	0
Vice-Convener of Communities	J Gaul	-	2,843	2,981	1	0	0	0
Development & Enterprise Vice-Spokesperson of Policy & Resources	S Hands	To 21/10/2015	1,729	3,165	1	0	0	0
Councillor Only	S Hands	From 22/10/2015	1,254	-	-	-	-	-
Vice-Convener of Social Work and Health / Vice Convener of Tayside Joint Valuation Board	J Houston	-	3,377	3,540	1	0	0	0



Angus Council – Annual Accounts for year ended 31<sup>st</sup> March 2016

Responsibility 15/16	Senior Councillor		In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/16 £	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/3/15 £	Accrued Pension Benefit at 31/3/16 £000s	Accrued Pension Benefit at 31/3/16 lump sum £000s	Accrued Pension Movement from 31/3/15 £000s	Accrued Pension Benefit Movement from 31/3/15 lump sum £000s
Depute Provost / Finance Convener of Policy & Resources / Convener of Civic Licensing / Depute Civic Head	A King	-	3,816	4,001	5	2	2	0
Convener of Social Work and Health	G Middleton	-	3,816	4,001	2	0	1	0
Convener of Development Standards	R Murray	-	3,816	4,001	3	2	1	1
Civic Head (Provost)	H Oswald	-	4,265	4,472	5	2	2	0
Depute Leader / Vice-Convener of Policy & Resources	P Valentine	-	4,265	4,472	3	2	1	0
Convener of Children & Learning	S Welsh	-	3,816	4,001	4	2	2	1
	<b>TOTAL</b>		<b>54,792</b>	<b>57,257</b>	<b>39</b>	<b>13</b>	<b>15</b>	<b>2</b>

**Pension Benefits – Senior Employees**

The pension entitlements of senior employees for the year to 31 March 2016 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year. It is highlighted that the pension contributions relate to only those made when an individual has been an incumbent of a senior employee post. All senior employees shown in the table are members of the Tayside Pension Fund and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total local government service, in whichever post(s), with Angus Council (and its predecessors) or has transferred into the Fund from another employer.

Post	Senior Employee	In Year Pension Contributions paid by the employer to the Pension Fund Year to 31/3/16 £	In Year Pension Contributions paid by the employer to the Pension Fund Year to 31/3/15 £	Accrued Pension Benefit at 31/3/16 £000s	Accrued Pension Benefit at 31/3/16 lump sum £000s	Accrued Pension Benefit movement from 31/3/15 £000s	Accrued Pension Benefit movement from 31/3/15 lump sum £000s
Chief Executive	R Stiff	21,418	22,343	84	0	2	0
Strategic Director - Resources	M Armstrong	18,118	18,901	30	49	3	0
Strategic Director – People *	M Williamson	18,118	18,901	46	4	2	1
Strategic Director - Communities	A McKeown	18,118	18,901	32	57	3	0
Head of Corporate Improvement & Finance	I Lorimer	15,398	16,062	33	67	2	1
Head of Legal & Democratic Services	S Hunter	15,398	16,062	34	71	3	0
Head of Children's Services & Chief Social Work Officer	T Armstrong	15,398	16,062	30	57	2	1
	<b>TOTAL</b>	<b>121,966</b>	<b>127,232</b>	<b>289</b>	<b>305</b>	<b>17</b>	<b>3</b>
<b>Subsidiary Body : Angus Alive</b>							
Chief Executive **	K Hunter	5,107	0	1	0	0	0

\* As noted after Table 1 earlier, the role of Chief Education officer is undertaken by the Strategic Director – People. The post of Head of Schools & Learning is accordingly no longer included above.

\*\* The Chief Executive of Angus Alive was in post from 26/11/2015.

## THE STATEMENT OF RESPONSIBILITIES

### The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Head of Corporate Improvement and Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

Signed on behalf of Angus Council

Councillor Iain Gaul  
Leader of the Council  
27 September 2016

### The Head of Corporate Improvement and Finance's Responsibilities

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

In preparing the Annual Accounts, the Head of Corporate Improvement and Finance, has:

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

The Head of Corporate Improvement and 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 2016.

Ian Lorimer  
Head of Corporate Improvement and Finance  
27 September 2016

**Movement in Reserves Statement as at 31 March 2016**

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

	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Capital Receipts Reserve	Other Statutory Reserves			Total Usable Reserves	Unusable Reserves	Total Council Reserves
					Renewal & Repair Fund	Capital Fund	Insurance Fund			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	19,838	3,181	18	13	3,895	414	567	27,926	240,311	268,237
<u>Movement in reserves during 2014/15</u>										
Surplus or (deficit) on provision of services	(4,248)	4,371	0	0	0	0	0	123	0	123
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	146,406	146,406
Total Comprehensive Expenditure and Income	(4,248)	4,371	0	0	0	0	0	123	146,406	146,529
Adjustments between accounting & funding basis under regulations (Note 5)	8,569	(3,717)	0	36	0	(167)	0	4,721	(4,721)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	4,321	654	0	36	0	(167)	0	4,844	141,685	146,529
Transfers to/from Earmarked Reserves (Note 6)	36	(272)	162	0	(815)	620	269	0	0	0
Increase/Decrease in Year	4,357	382	162	36	(815)	453	269	4,844	141,685	146,529
<b>Balance at 31 March 2015 carried forward</b>	<b>24,195</b>	<b>3,563</b>	<b>180</b>	<b>49</b>	<b>3,080</b>	<b>867</b>	<b>836</b>	<b>32,770</b>	<b>381,996</b>	<b>414,766</b>
<u>Movement in reserves during 2015/16</u>										
Surplus or (deficit) on provision of services	11,664	(2,759)	0	0	0	0	0	8,905	0	8,905
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	44,327	44,327
<b>Total Comprehensive Expenditure and Income</b>	<b>11,664</b>	<b>(2,759)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,905</b>	<b>44,327</b>	<b>53,232</b>
Adjustments between accounting & funding basis under regulations (Note 5)	(3,077)	4,838	150	245	0	(350)	0	1,806	(1,806)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	8,587	2,079	150	245	0	(350)	0	10,711	42,521	53,232
Transfers to/from Earmarked Reserves (Note 6)	(2,587)	49	0	0	40	2,261	237	0	0	0
Increase/Decrease in Year	6,000	2,128	150	245	40	1,911	237	10,711	42,521	53,232
<b>Balance at 31 March 2016 carried forward</b>	<b>30,195</b>	<b>5,691</b>	<b>330</b>	<b>294</b>	<b>3,120</b>	<b>2,778</b>	<b>1,073</b>	<b>43,481</b>	<b>424,517</b>	<b>467,998</b>

**Comprehensive Income and Expenditure Statement for the year 31 March 2016**

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

2014/15				2015/16			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
114,017	(4,099)	109,918	Education	107,713	(4,122)	103,591	107,666
87,093	(19,823)	67,270	Social work	93,047	(21,020)	72,027	73,589
29,560	(5,767)	23,793	Roads & Transport	31,067	(6,473)	24,594	25,847
20,374	(7,118)	13,256	Cultural & Related Services	21,198	(5,254)	15,944	16,734
24,030	(7,379)	16,651	Environmental Services	22,426	(4,888)	17,538	18,588
8,127	(3,493)	4,634	Planning & Development Services	7,843	(3,585)	4,258	5,617
7,311	(2,583)	4,728	Central Services	7,460	(2,672)	4,788	5,107
22,115	(26,341)	(4,226)	Housing Revenue Account	28,832	(27,176)	1,656	3,453
29,194	(28,579)	615	Housing - General Fund	30,508	(30,043)	465	1,120
765	0	765	Joint Boards	698	0	698	757
4,673	0	4,673	Corporate & Democratic Core	4,303	0	4,303	4,983
1,013	(37)	976	Non Distributed Costs	(5,391)	(53)	(5,444)	(5,391)
348,272	(105,219)	243,053	<b>Cost Of Services</b>	<b>349,704</b>	<b>(105,286)</b>	<b>244,418</b>	<b>258,070</b>
		(16)	Other Operating Expenditure (Note 7)			3,489	
		24,147	Financing and Investment Income and Expenditure (Note 8)			18,761	
		(267,307)	Taxation and Non-Specific Grant Income (Note 9)			(275,573)	
		123	<b>Surplus or (Deficit) on Provision of Services</b>			<b>8,905</b>	
		54,850	Surplus or (deficit) on revaluation of non-current assets			16,324	
		(580)	Impairment losses on non-current assets charged to the revaluation reserve			(244)	
		92,136	Re-measurements of the net pensions liability			28,143	
		0	Other Unrealised gains/(losses)			104	
		146,406	<b>Other Comprehensive Income and Expenditure</b>			<b>44,327</b>	
		146,529	<b>Total Comprehensive Income and Expenditure</b>			<b>53,232</b>	

**Balance Sheet as at 31 March 2016**

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

31/3/2015 £000		Notes	31/3/2016 £000
767,208	Property, Plant & Equipment	13	796,227
5,770	Heritage Assets	14	5,770
1,581	Investment Property	15	1,536
141	Intangible Assets	16	94
149	Assets Held for Sale	17	90
7	Long Term Investments		0
7,394	Long Term Debtors	18	6,767
782,250	<b>Long Term Assets</b>		<b>810,484</b>
35,595	Short Term Investments		35,465
780	Inventories	19	686
25,302	Short Term Debtors	20	21,717
6,063	Cash and Cash Equivalents	21	9,984
0	Assets held for Sale	17	0
67,740	<b>Current Assets</b>		<b>67,852</b>
0	Cash and Cash Equivalents		0
0	Provisions		0
(11,804)	Short Term Borrowing		(9,941)
(37,869)	Short Term Creditors	22	(38,019)
(49,673)	<b>Current Liabilities</b>		<b>(47,960)</b>
(93)	Provisions	23	(93)
(154,704)	Long Term Borrowing		(155,254)
(146,358)	Pension Liability	31	(124,665)
(84,396)	Other Long Term Liabilities		(82,366)
(385,551)	<b>Long Term Liabilities</b>		<b>(362,378)</b>
414,766	<b>Net Assets</b>		<b>467,998</b>
32,770	Usable Reserves	6, 25	43,481
381,996	Unusable Reserves	26	424,517
414,766	<b>Total Reserves</b>		<b>467,998</b>

The accounts were issued for audit on the 29 June 2016 and the audited accounts were authorised for issue by the Head of Corporate Improvement and Finance on the 27 September 2016.

Ian Lorimer CPFA,  
Head of Corporate Improvement and Finance,  
27 September 2016

**Cash Flow Statement as at 31 March 2016**

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.

2014/15 £000		Notes	2015/16 £000
123	Net surplus or (deficit) on the provision of services		8,905
56,818	Adjustment to surplus or deficit on the provision of services for non cash movements		53,862
(25,468)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(27,660)
31,473	<b>Net Cash flows from Operating Activities</b>	32	<b>35,107</b>
(24,368)	Net Cash flows from Investing Activities	33	(27,838)
(4,694)	Net Cash flows from Financing Activities	34	(3,348)
2,411	<b>Net increase or decrease in cash and cash equivalents</b>		<b>3,921</b>
3,652	Cash and cash equivalents at the beginning of the reporting period		6,063
6,063	<b>Cash and Cash equivalents at the end of the reporting period</b>	21	<b>9,984</b>

**Note 1 – Statement of Accounting Policies****A(i). General Principles**

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. 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 2014/15 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

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

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

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

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

**B. Disposal of Operations**

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

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

Operations not satisfying all these conditions are classified as continuing.

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



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

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

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

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

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

#### General

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

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

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

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

#### Common Good

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

#### Restatements

Where appropriate prior year information will be restated in order to reflect the incumbent guidance and legislation. In addition restatements will take place when it is deemed that this will make a material improvement to the information included in the accounts. All restatements will be applied within the context of the Council's accounting policies. No restatements have been made to the 2014/15 figures.

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

Services and support services are debited with the following amounts, where applicable, to record the cost of holding non-current Non Current Assets during the year:-

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

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

**F. Employee Benefits**Benefits Payable During Employment

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

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Non Distributed Costs 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' Superannuation Fund is administered by the Scottish Public Pensions Agency (SPPA); and
- b) The Local Government Pensions Scheme, administered by Dundee City Council.

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

- a) Scottish Teachers Superannuation Fund

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

- b) The Local Government Pension Scheme

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

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

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

- current service cost – the increase in liabilities as a result of years of service earned this year. These are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked at 31 March;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- 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 Non Distributed Costs;
- re-measurements of the net pension liability – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Pensions Reserve; and
- contributions paid to the Tayside Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense within the Comprehensive Income & Expenditure Statement, rather per IAS 19 the increase or decrease in pension cost liability is shown. This is offset through the Movement on Reserve Statement.

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

#### Discretionary Benefits

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

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

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

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

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

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

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

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

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

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

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

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

## **I. Financial Assets**

### Loans and Receivables

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

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

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

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

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

### Available-for-Sale Assets

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

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at, and thereafter carried at, fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is

capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

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

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

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

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

#### **N. Inventories**

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

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

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

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

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

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

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

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

#### **Q. Leases**

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

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

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

#### The Council as Lessee

##### *Finance Leases*

Property, plant and equipment held under finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the

minimum lease payments, if lower). The asset recognised is matched by a Long Term Liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:-

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

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

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

#### *Operating Leases*

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

#### The Council as Lessor

##### *Finance Leases*

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

Lease rentals receivable are apportioned between:-

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

##### *Operating Leases*

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

#### **R. Overheads and Support Services**

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

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

**S. Property, Plant and Equipment**

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:-

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

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

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

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

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

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

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

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

Impairment

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

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

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

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



Disposals

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:-

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

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

Componentisation

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

Criteria for Assessment for Componentisation

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

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

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

Asset Components

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

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

In this regard, the following components have been established:

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

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

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

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

**T. Heritage Assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

### Provisions

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

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

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

### Contingent Liabilities

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

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

### Contingent Assets

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

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

## **W. Reserves**

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

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

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

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

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

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

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

- Amendments to IAS 19 *Employee Benefits* (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 *Presentation of Financial Statements*, the changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

The implementation of the above amendments are not expected to have a material impact on the 2015/16 financial statements.

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

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

**Future Grant Funding**

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

**Employee Benefits**

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

**Assessment of Leases**

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

**Council Tax Provision**

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

**Council House Valuation**

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

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

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

The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Tayside Pension Fund with expert advice about the assumptions to be applied.	The Pension liability assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension's liability had reduced by £21.693m.

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

#### Note 5 - Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Charges for depreciation and impairment of non-current assets	28,774	12,012	0	0	0	0	0	(40,786)
Revaluation losses on property Plant and Equipment	(983)	0	0	0	0	0	0	983
Movements in the market value of Investment Properties	0	0	0	0	0	0	0	0
Amortisation of intangible assets	47	0	0	0	0	0	0	(47)
Capital grants and Contributions applied	(23,382)	(2,140)	0	0	0	0	0	25,522
Revenue expenditure funded from capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,199	1,290	0	0	0	0	0	(3,489)

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Statutory provision for the financing of capital investment	(8,769)	(396)	0	0	0	0	0	9,165
Capital expenditure charged against the General Fund and HRA balances - CFCR	(6,537)	(6,188)	0	0	0	0	0	12,725
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	150	0	0	0	0	(150)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	3	0	0	0	(3)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	242	0	(350)	0	108
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(205)	0	0	0	0	0	0	205
<b>Adjustments primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,191	259	0	0	0	0	0	(6,450)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure	(412)	1	0	0	0	0	0	411

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements								
<b>Total Adjustments</b>	<b>(3,077)</b>	<b>4,838</b>	<b>150</b>	<b>245</b>	<b>0</b>	<b>(350)</b>	<b>0</b>	<b>(1,806)</b>

**Note 5 - Comparative Figures in 2014/15**

	Usable Reserves							Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	26,846	6,101	0	0	0	0	0	(32,947)
Revaluation losses on property Plant and Equipment	971	0	0	0	0	0	0	(971)
Movements in the market value of Investment Properties	(50)	0	0	0	0	0	0	50
Amortisation of intangible assets	47	0	0	0	0	0	0	(47)
Capital grants and Contributions applied	(20,651)	(2,218)	0	0	0	0	0	22,869
Revenue expenditure funded from capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	163	(179)	0	0	0	0	0	16
<b>Insertion if items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Statutory provision for the financing of capital investment	(8,118)	(437)	0	0	0	0	0	8,555
Capital expenditure charged against the General Fund and HRA balances - CFCR	(7,607)	(7,594)	0	0	0	0	0	15,201
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Inc/Exp Statement	0	0	0	0	0	0	0	0

	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	Unusable Reserves £000
<b>Usable Reserves</b>								
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	4	0	0	0	(4)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	32	0	(167)	0	135
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(205)	0	0	0	0	0	0	205
<b>Adjustments primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	17,137	611	0	0	0	0	0	(17,748)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	36	(1)	0	0	0	0	0	(35)
<b>Total Adjustments</b>	<b>8,569</b>	<b>(3,717)</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>(167)</b>	<b>0</b>	<b>(4,721)</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 2015/16.

	Opening Balance at 1/4/15 £000	Transfer Out 15/16 £000	Transfers In 15/16 £000	Closing Balance at 31/3/16 £000
<b><u>Usable Reserves</u></b>				
General Fund:	23,626	(10,246)	16,229	29,609
Car Parking Reserve	58	0	1	59
Arbroath Harbour Reserve	239	0	12	251
Specific Reserves	272	0	4	276
<b>Sub Total General Fund</b>	24,195	(10,246)	16,246	30,195
Housing Revenue Account	3,563	0	2,128	5,691
<b>Total General Fund</b>	27,758	(10,246)	18,374	35,886
<b>Insurance Fund</b>	836	0	237	1,073
<b>Renewal and Repairs Fund</b>	3,080	(6,323)	6,363	3,120
<b>Capital Fund</b>	867	(350)	2,261	2,778
<b>Usable Capital Receipts</b>	49	(2)	247	294
<b>Capital Grants Unapplied</b>	180	(18)	168	330
<b>Total</b>	32,770	(16,939)	27,650	43,481
<b><u>General Fund Commitments</u></b>				
Contingency Policy Level	4,000	0	0	4,000
Balances held by schools under a scheme of delegation	646	0	167	813
Ring Fenced Monies	5,262	(1,707)	2,262	5,817
Affordable Housing	1,743	(49)	1,053	2,747
50% & 100% Carry forwards	7,513	(5,569)	8,954	10,898
Budget Commitments	1,569	(384)	0	1,185
Transforming Angus	1,888	0	246	2,134
<b>Total</b>	22,621	(7,709)	12,682	27,594
<b><u>Housing Revenue Account Commitments</u></b>				
Minimum Policy Level	1,000	0	0	1,000
Survive & Thrive	687	0	0	687
Early Repayment of Debt	0	0	2,128	2,128
Allowance for SHQS / New Build Housing	1,876	0	0	1,876
<b>Total</b>	3,563	0	2,128	5,691

**Note 7 - Other Operating Expenditure**

2014/15 £000		2015/16 £000
(16)	(Gains)/Losses on disposal of non-current assets	3,489
(16)	<b>Total</b>	<b>3,489</b>

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

2014/15 £000		2015/16 £000
15,660	Interest payable and similar charges	15,638
9,629	Net Interest on the defined benefit liability	4,519
(796)	Interest receivable and similar income	(813)
(51)	(Income)/expenditure in relation to investment properties and changes in their fair value	(12)
(295)	Share of Tayside Contract (Surplus)/Deficit	(571)
24,147	<b>Total</b>	<b>(18,761)</b>

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

2014/15 £000		2015/16 £000
(42,217)	Council tax income	(42,549)
(28,033)	Non domestic rates	(30,792)
(174,018)	Non-ring-fenced government grants	(176,708)
(23,039)	Capital grants and contributions	(25,524)
(267,307)	<b>Total</b>	<b>(275,573)</b>

**Note 10 - Grant Income**

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

2014/15 £000	<b>Credited to Taxation and Non Specific Grant Income</b>	2015/16 £000
(16,706)	Scottish Government General Capital Grant	(22,320)
(1,981)	Scottish Government Specific Capital Grants	(2,013)
(174,018)	Scottish Government Revenue Grants	(176,708)
(3,453)	Other capital grants	(340)
(899)	Other capital contributions	(851)
(197,057)	<b>Total</b>	<b>(202,232)</b>
	<b>Credited to Services</b>	
(646)	Scottish Government General Capital Grant	(525)
(646)	<b>Total</b>	<b>(525)</b>

**Note 11 - Amounts Reported for Resource and Allocation Decisions (segmental reporting)**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the council's members on the basis of budget reports presented to the council. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to (directorates).

The income and expenditure of the council's directorates recorded in the budget outturn report for the year is as follows:

<b>2015/16 Service Analysis</b>	<b>People £000</b>	<b>Communities £000</b>	<b>Resources £000</b>	<b>Chief Executive £000</b>	<b>Other £000</b>	<b>Total £000</b>
Fees, Charges & Other Service Income	(20,470)	(25,704)	(13,645)	(3,820)	(638)	<b>(64,277)</b>
Government Grants & Contributions	(4,442)	(28,829)	0	(302)	(887)	<b>(34,460)</b>
<b>Total Income</b>	<b>(24,912)</b>	<b>(54,533)</b>	<b>(13,645)</b>	<b>(4,122)</b>	<b>(1,525)</b>	<b>(98,737)</b>
Employee Expenses	102,229	26,773	9,873	3,602	105	<b>142,582</b>
Other Operating Expenses	81,460	69,399	3,536	1,520	(526)	<b>155,389</b>
Support Services Recharges	6,548	2,381	751	348	3,637	<b>13,665</b>
<b>Total Operating Expenses</b>	<b>190,237</b>	<b>98,553</b>	<b>14,160</b>	<b>5,470</b>	<b>3,216</b>	<b>311,636</b>
<b>Cost of Services</b>	<b>165,325</b>	<b>44,020</b>	<b>515</b>	<b>1,348</b>	<b>1,691</b>	<b>212,899</b>

	<b>£000</b>
<b>Reconciliation to Net Cost of Services in Comprehensive Income &amp; Expenditure Statement</b>	
Cost of Services in Analysis	212,899
Add services not included in main analysis	466
Add amounts not reported to management	29,398
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	0
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement (General Fund)</b>	<b>242,763</b>

<b>Summary Position</b>	<b>£000</b>
General Fund	242,763
Housing Revenue Account	1,655
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>244,418</b>

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Reconciliation of Subjective Analysis	Service Analysis £000	Services not in Analysis £000	Not reported to management £000	Not included in I&E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Provision of Service £000
Fees, Charges & Other Service Income	(64,277)	(2,166)	0	0	0	(66,443)	0	(66,443)
Surplus or Deficit on associates and joint ventures	0	0	0	0	0	0	(571)	(571)
Interest and Investment Income	0	0	0	0	0	0	(825)	(825)
Income from Taxation and Non-specific Grant	0	0	0	0	0	0	(275,573)	(275,573)
Government Grants & Contributions	(34,460)	0	0	0	0	(34,460)	0	(34,460)
<b>Total Income</b>	<b>(98,737)</b>	<b>(2,166)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,903)</b>	<b>(276,969)</b>	<b>(377,872)</b>
Employee Expenses	142,582	0	7,604	0	0	150,186	0	150,186
Other Operating Expenses	155,389	2,632	(10,213)	0	0	147,808	0	147,808
Support Service Recharges	13,665	0	0	0	0	13,665	0	13,665
Depreciation, amortisation and Impairment	0	0	32,007	0	0	32,007	0	32,007
Interest Payments	0	0	0	0	0	0	20,157	20,157
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	3,489	3,489
<b>Total Operating Expenses</b>	<b>311,636</b>	<b>2,632</b>	<b>29,398</b>	<b>0</b>	<b>0</b>	<b>343,666</b>	<b>23,646</b>	<b>367,312</b>
<b>(Surplus)/Deficit on provision of services</b>	<b>212,899</b>	<b>466</b>	<b>29,398</b>	<b>0</b>	<b>0</b>	<b>242,763</b>	<b>(253,323)</b>	<b>(10,560)</b>
Housing Revenue Account								1,655
<b>(Surplus)/Deficit on Provision of Services</b>								<b>(8,905)</b>

**Reconciliation of Management Structure Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement**

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
217,979	Net expenditure in the Analysis	212,899
500	Net expenditure of services and support services not included in the Analysis	466
28,800	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	29,398
0	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0
247,279	<b>Cost of Services in Comprehensive Income and Expenditure Statement (General Fund)</b>	<b>242,763</b>
(4,226)	<b>Housing Revenue Account</b>	<b>1,655</b>
243,053	<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>244,418</b>
(243,176)	<b>Corporate Amounts</b>	(253,323)
(123)	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(8,905)</b>

**Note 12 - External Audit Costs**

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

2014/15 £000		2015/16 £000
248	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	251

This amount includes a figure of £1.5k for auditing the Charities Accounts.

## Note 13 - Property, Plant and Equipment

## Movements in 2015/16

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2015	324,657	292,248	43,668	223,723	4,271	1,984	19,341	909,892	104,743
Additions	8,445	3,266	2,050	16,177	62	0	28,262	58,262	280
Revaluation increases/ (decreases) recognised in the RRA	0	3,925	0	0	0	0	0	3,925	640
Revaluation increases/ (decreases) recognised in the NCS	0	(5,153)	0	0	0	0	0	(5,153)	975
Derecognition – disposals	(3,120)	(5,534)	(845)	0	0	0	0	(9,499)	0
Derecognition – Other	0	0	0	0	0	0	0	0	0
Assets reclassified to/ from AHFS	0	0	0	0	0	0	0	0	0
Other reclassified Assets – Surplus	0	0	0	0	0	0	0	0	0
Other Reclassified Assets – AUC	4,278	24,558	0	0	0	0	(28,836)	0	0
Other Reclassified Assets – Intangibles	0	0	0	0	0	0	0	0	0
Other Reclassification of Assets – Lease	0	0	0	0	0	0	0	0	0
Termination	0	0	0	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0	0	0	0
<b>31 March 2016</b>	<b>334,260</b>	<b>313,310</b>	<b>44,873</b>	<b>239,900</b>	<b>4,333</b>	<b>1,984</b>	<b>18,767</b>	<b>957,427</b>	<b>106,638</b>
<b>Accumulated Depreciation and impairment</b>									
<b>1 April 2015</b>	0	(21,521)	(27,913)	(92,142)	(440)	(668)	0	(142,684)	(20,649)
Depreciation charge	(11,991)	(13,482)	(3,684)	(11,486)	(32)	(111)	0	(40,786)	(3,297)
Depreciation written out to the Surplus/	0	0	0	0	0	0	0	0	0
Deficit of the Provision of Services	0	0	0	0	0	0	0	0	0
Revaluation Losses/Gains	0	18,291	0	0	0	0	0	18,291	1,608
Derecognition – disposals	108	3,036	835	0	0	0	0	3,979	0
Derecognition – others	0	0	0	0	0	0	0	0	0
Other Reclassified Assets	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
<b>31 March 2016</b>	<b>(11,883)</b>	<b>(13,676)</b>	<b>(30,762)</b>	<b>(103,628)</b>	<b>(472)</b>	<b>(779)</b>	<b>0</b>	<b>(161,200)</b>	<b>(22,337)</b>
<b>Net Book Value</b>									
<b>31 March 2015</b>	<b>324,657</b>	<b>270,727</b>	<b>15,755</b>	<b>131,581</b>	<b>3,831</b>	<b>1,316</b>	<b>19,341</b>	<b>767,208</b>	<b>84,094</b>
<b>31 March 2016</b>	<b>322,377</b>	<b>299,634</b>	<b>14,111</b>	<b>136,272</b>	<b>3,861</b>	<b>1,205</b>	<b>18,767</b>	<b>796,227</b>	<b>84,300</b>

**Comparative Movements in 2014/15**

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Gross Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2014</b>	301,869	294,517	39,715	209,915	4,131	3,396	5,966	859,509	103,162
Additions	9,445	3,267	4,637	13,808	140	0	17,452	48,749	547
Revaluation increases/(decreases) recognised in the RRA	10,541	(1,243)	0	0	0	0	0	9,298	1,034
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(2,337)	0	0	0	(1,412)	0	(3,749)	0
Derecognition – disposals	(1,242)	(1,920)	(684)	0	0	0	0	(3,846)	0
Decrecognition – other	0	0	0	0	0	0	0	0	0
Assets reclassified	4,044	(36)	0	0	0	0	(4,077)	(69)	0
<b>31 March 2015</b>	<b>324,657</b>	<b>292,248</b>	<b>43,668</b>	<b>223,723</b>	<b>4,271</b>	<b>1,984</b>	<b>19,341</b>	<b>909,892</b>	<b>104,743</b>
<b>Accumulated Depreciation and impairment</b>									
<b>1 April 2014</b>	(22,295)	(28,263)	(25,003)	(81,595)	(408)	(1,374)	0	(158,938)	(19,774)
Depreciation charge	(6,078)	(13,889)	(3,404)	(10,547)	(32)	(202)	0	(34,152)	(3,116)
Depreciation write back on revaluations	28,235	19,813	0	0	0	908	0	48,956	2,241
Derecognition – disposals	138	818	494	0	0	0	0	1,450	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
<b>31 March 2015</b>	<b>0</b>	<b>(21,521)</b>	<b>(27,913)</b>	<b>(92,142)</b>	<b>(440)</b>	<b>(668)</b>	<b>0</b>	<b>(142,684)</b>	<b>(20,649)</b>
<b>Net Book Value</b>									
<b>31 March 2014</b>	<b>279,574</b>	<b>266,254</b>	<b>14,712</b>	<b>128,320</b>	<b>3,723</b>	<b>2,022</b>	<b>5,966</b>	<b>700,571</b>	<b>83,388</b>
<b>31 March 2015</b>	<b>324,657</b>	<b>270,727</b>	<b>15,755</b>	<b>131,581</b>	<b>3,831</b>	<b>1,316</b>	<b>19,341</b>	<b>767,208</b>	<b>84,094</b>

**Revaluations**

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The 2015/16 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2015/16 is the second year of the programme and valuations for 2015/16 were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Currently there are 2 assets within surplus assets which have not been valued within 5 years as they are being held pending agreement of the arrangements for Community Asset Transfer.

As part of our 5 year revaluation plan, the assets that were valued in 2015/16 were landward schools and office buildings. Assets planned for valuation in 2016/17 are industrial land & units, depots & workshops.

**Note 14 – Heritage Assets****Reconciliation of the Carrying Value of Heritage Assets held by the Authority**

	Tangible Heritage Assets			Total Assets
	Museum Fine Art	Museum Other Collections	Civic Regalia	
	£000	£000	£000	£000
Valuation at 1 April 2014	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
<b>31 March 2015</b>	<b>4,970</b>	<b>700</b>	<b>100</b>	<b>5,770</b>
Valuation at 1 April 2015	4,970	700	100	5,770
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation Inc/Dec Recognised in RRA	0	0	0	0
Revaluation Inc/Dec Recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
<b>31 March 2016</b>	<b>4,970</b>	<b>700</b>	<b>100</b>	<b>5,770</b>

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

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

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

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

There are no transactions relating to Heritage Assets to be disclosed in the 2015/16 Accounts.

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



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

#### Note 15 - Investment Properties

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

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

2014/15 £000		2015/16 £000
1,531	Balance at start of the year	1,581
0	Additions, Purchases, Construction, Subsequent expenditure	0
0	Disposals	(45)
50	Net gain/(losses) from fair value adjustments	0
0	Transfers: To/From Property, Plant & Equipment	0
1,581	<b>Balance at end of the year</b>	<b>1,536</b>

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

**Note 16 - Intangible Assets**

The carrying amount of intangible assets is amortised on a straight-line method. Of the amortisation charged to revenue in 2015/16, £0.047 million was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2014/15 £000		2015/16 £000
267	Gross Book Value at 1/4/15	267
0	Additions	0
0	Revaluation Increases/(Decreases)	0
0	Disposals	0
0	Reclassified from PPE	0
0	Other Movements	0
267	<b>Gross Book Value at 31/3/16</b>	<b>267</b>
(79)	<b>Accumulated Amortisation at 1/4/15</b>	<b>(126)</b>
(47)	Amortisation Charge for the Year	(47)
0	Depreciation write back on Revaluations	0
(126)	<b>Accumulated Amortisation at 31/3/16</b>	<b>(173)</b>
141	<b>Net Book Value at 31/3/16</b>	<b>94</b>

**Note 17 - Assets Held For Sale**

	Current		Non Current	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
<b>Balance outstanding at start of year</b>	<b>0</b>	60	<b>149</b>	80
Assets newly classified as held for sale:				
Property, Plant and Equipment	0	0	0	69
Intangible Assets	0	0	0	0
Investment Properties	0	0	0	0
Revaluation losses	0	0	0	0
Revaluation gains	0	0	0	0
Impairment losses	0	0	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	0	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Assets sold	0	(60)	(59)	0
Transfers from non-current to current	0	0	0	0
Other movements	0	0	0	0
<b>Balance Outstanding at year-end</b>	<b>0</b>	0	<b>90</b>	149

**Note 18 – Long Term Debtors**

2014/15 £000		2015/16 £000
244	Housing Advances	236
6,552	External Bodies (Debt)	5,940
138	Leases	153
408	Common Good	384
52	Empty Homes Initiative	54
7,394	<b>Total Long Term Debtors</b>	<b>6,767</b>

**Note 19- Inventories**

2014/15 £000		2015/16 £000
799	Balance at start of the year	780
(19)	Movement in year	(94)
780	<b>Balance outstanding at year-end</b>	<b>686</b>

**Note 20 – Short Term Debtors**

2014/15 £000		2015/16 £000
7,729	Central Government bodies	8,181
16,136	Other Miscellaneous, Other Entities & Individuals	12,903
557	Other Local Authorities	262
880	NHS Bodies	371
0	Public Corporations & Trading Funds	0
25,302	<b>Total Short Term Debtors</b>	<b>21,717</b>

**Note 21 - Cash and Cash Equivalents**

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

2014/15 £000		2015/16 £000
38	Cash held by the Authority	37
(1508)	Bank Overdraft	(623)
0	Bank Current Accounts	0
7,533	Cash Investments	10,570
6,063	<b>Total Cash and Cash Equivalents</b>	<b>9,984</b>

**Note 22 – Short Term Creditors**

2014/15 £000		2015/16 £000
(3,310)	Central Government Bodies	(2,697)
(31,307)	Other Miscellaneous, Other Entities & Individuals	(32,876)
(3,162)	Other Local Authorities	(2,380)
(90)	NHS Bodies	(66)
(0)	Public Corporations & Trading Funds	0
(37,869)	<b>Total Short Term Creditors</b>	<b>(38,019)</b>

**Note 23 - Provisions**

	A92 Provision £000
<b>Balance at 1 April 2015</b>	<b>(93)</b>
Additional provisions made in 2015/16	0
Amounts used in 2015/16	0
Unused amounts reversed in 2015/16	0
Unwinding of discounting in 2015/16	0
<b>Balance at 31 March 2016</b>	<b>(93)</b>

**Provisions**

**A92** - The provision figure relates to compulsory purchase of land for the A92 dualling project.

**Note 24 - Impairment Losses**

During 2015/16, the council recognised no impairment losses other than those due to the reduction in fair value.

**Note 25 - Usable Reserves**

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

**Note 26 - Unusable Reserves**

31 March 2015 £000		31 March 2016 £000
107,447	Revaluation Reserve Account	121,904
427,421	Capital Adjustment Account	433,072
(1,705)	Financial Instruments Adjustment Account	(1,500)
(146,358)	Pensions Reserve	(124,665)
(4,809)	Accumulated Absences Account	(4,294)
381,996	<b>Total Unusable Reserves</b>	<b>424,517</b>

**Revaluation Reserve Account (RRA)**

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

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

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

2014/15 £000		2015/16 £000
54,868	Balance at 1 April	107,447
54,850	Upward revaluation of assets	16,324
(580)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(244)
0	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0
(1,691)	Difference between fair value depreciation and historical cost depreciation	(1,623)
0	Accumulated gains on assets sold or scrapped	0
0	Amount written off to the Capital Adjustment Account	0
107,447	<b>Balance at 31 March</b>	<b>121,904</b>

**Capital Adjustment Account**

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

2014/15 £000		2015/16 £000
412,873	Balance at 1 April	427,421
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(32,947)	Charges for depreciation and impairment of non-current assets	(40,786)
(971)	Revaluation gain/losses on Property, Plant and Equipment	983
(47)	Amortisation of intangible assets	(47)

2014/15 £000		2015/16 £000
0	Revenue expenditure funded from capital under statute	0
16	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	(3,489)
1,691	Adjusting amounts written out of the Revaluation Reserve	1,623
0	Net written out amount of the cost non-current assets consumed in the year	0
	<b>Capital financing applied in the year:</b>	
135	Use of the Capital Receipts Reserve to finance new capital expenditure	108
(4)	Capital receipt for finance lease	(3)
22,869	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	25,372
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
8,555	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	9,165
15,201	Capital expenditure charged against the General Fund and HRA balances	12,725
50	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0
427,421	<b>Balance at 31 March</b>	<b>433,072</b>

#### Financial Instruments Adjustment Account

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

2014/15 £000		2015/16 £000
(1,910)	Balance at 1 April	(1,705)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
200	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	200
5	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	5
(1,705)	<b>Balance at 31 March</b>	<b>(1,500)</b>

**Pensions Reserve**

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

2014/15 £000		2015/16 £000
(220,746)	Balance at 1 April	<b>(146,358)</b>
92,136	Re-measurement of net pensions liability	28,143
(17,748)	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	(6,450)
<b>(146,358)</b>	<b>Balance at 31 March</b>	<b>(124,665)</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.

2014/15 £000		2015/16 £000
(4,774)	Balance at 1 April	<b>(4,809)</b>
0	Settlement or cancellation of accrual made at the end of the preceding year	104
(35)	Amounts accrued at the end of the current year	411
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
<b>(4,809)</b>	<b>Balance at 31 March</b>	<b>(4,294)</b>

**Note 27 - Capitalisation of Borrowing Costs**

The Council has not capitalised any borrowing costs during 2015/16.

**Note 28 - Termination Benefits**

The Council terminated the contracts of a number of employees in 2015/16 incurring liabilities of £0.655m (£0.171m in 2014/15). Further detail is provided in the Remuneration Report at the start of these Accounts.

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

2014/15 £000		2015/16 £000
561	Remuneration	567
1	Allowances	1
63	Expenses	55
625	<b>Total</b>	<b>623</b>

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

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

Employer contributions are set on the basis of periodical reviews by the Government Actuary. In 2015/16, the employer's rate of contribution was 14.9% between 1/4/2015 and 31/8/2015 and 17.2% between 1/9/2015 and 31/3/2016 and the amount paid over in respect of employer's contributions was £6.793m (£6.217m in 2014/15). The contribution remaining payable at the year-end was £0.931m (£0.855m in 2014/15).

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

**Note 31 - Defined Benefit Pension Schemes****Participation in Pension Schemes**

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

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

In 2015/16 the council paid employer contributions totalling £11.769m (£12.655m in 2014/15) representing 16.7% of employees' pensionable pay.

**Unfunded Discretionary Benefits**

Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due.

In 2015/16, the council paid £1.576m representing 1.4% of pensionable pay in unfunded discretionary benefits (£1.086m representing 1% in 2014/15). This sum related in the main to award decisions made in previous financial years. Thirty-eight awards were made in 2015/16 amounting to £0.54m (£0.119m in 2014/15) in respect of retiring employees associated with the management restructure.

**Balance Sheet Disclosure as at 31 March 2016**

<b>Net Pension Asset as at</b>	<b>31 Mar 2016</b>	31 Mar 2015	31 Mar 2014
Present value of the defined benefit obligation	611,827	651,882	665,203
Fair Value Fund assets (bid value)	500,368	521,040	459,198
<b>Deficit/(Surplus)</b>	<b>111,459</b>	130,842	206,005
<b>Present value of unfunded obligation</b>	<b>13,206</b>	15,516	14,741
Unrecognised Past Service Cost	0	0	0
Impact of Asset Ceiling	0	0	0
<b>Net defined benefit liability/(asset)</b>	<b>124,665</b>	146,358	220,746



**Transactions Relating to Post-employment Benefits**

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Year to 31 Mar 2015 £000	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2016 £000
21,749	Service cost	15,219
170	Administration expenses	57
	<b>Financing and Investment Income and Expenditure</b>	
9,629	Net interest on the defined liability /(asset)	4,519
31,548	Total Recognised in the Comprehensive Income & Expenditure Account	19,795
(17,748)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(6,450)
13,800	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	13,345
12,655	Employer's contributions payable to scheme	11,769
1,145	Retirement benefits payable to pensioners	1,576

**Re-measurements in Other Comprehensive Income**

Year to 31 March 2015 £000	Re-measurement of the net assets/(defined liability)	Year to 31 March 2016 £000
44,495	Return on Fund assets in excess of interest	(21,861)
(3,456)	Other actuarial gains/(losses) on assets	0
(66,337)	Change in financial assumptions	47,849
26,048	Change in demographic assumptions	(167)
91,388	Experience gain/(loss) on defined benefit obligation	1,504
0	<b>Changes in effect of asset ceiling</b>	<b>0</b>
92,138	<b>Re-measurements</b>	<b>27,325</b>

Year to 31 March 2015 £000	Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 March 2016 £000
679,944	Opening defined benefit obligation	<b>667,398</b>
21,538	Current service cost	20,778
30,300	Interest cost	21,386
66,337	Change in financial assumptions	(47,849)
(26,048)	Change in demographic assumptions	167
(91,388)	Experience loss/(gain) on defined benefit obligation	(1,504)
0	Liabilities assumed / extinguished) on settlements	(22,051)
(16,873)	Estimated benefits paid net of transfers in	(17,525)
211	Past service costs, including curtailments	1,066
4,419	Contributions by Scheme participants	4,204
(1,042)	Unfunded pension payments	(1,037)
667,398	<b>Closing defined benefit obligation</b>	<b>625,033</b>

**Assets**

The estimated asset allocation for Angus Council as at 31 March 2016 is as follows:

31 March 2015 £000	Employer asset share – bid value	31 March 2016 £000
368,970	Equities	343,026
28,550	Gilts	26,190
65,847	Other Bonds	64,612
51,941	Property	61,049
5,732	Cash	5,491
521,040	<b>TOTAL</b>	<b>500,368</b>

Employer asset share – bid value	31 January 2016 % Quoted	31 January 2016 % Unquoted
<b>Fixed Interest Government Securities</b>		
UK	1.9%	-
Overseas	-	-
<b>Index Linked Government Securities</b>		
UK	3.3%	-
Overseas	-	-
<b>Corporate Bonds</b>		
UK	5.4%	6.4%
Overseas	1.2%	0.0%
<b>Equities</b>		
UK	23.3 %	2.2%
Overseas	22.0%	21.0%
<b>Property</b>		
All	12.2%	-
Others	-	-
Cash/Temporary Investments	1.1%	-
<b>TOTAL</b>	<b>70.4%</b>	<b>29.6%</b>

Year to 31 March 2015 £000	Reconciliation of opening & closing balances of the present value of Scheme assets	Year to 31 March 2016 £000
459,198	Opening fair value of Fund assets	<b>521,040</b>
20,671	Interest on assets	16,885
44,495	Return on assets less interest	(21,861)
(3,456)	Other actuarial gains/(losses)	-
(170)	Administration expenses	(57)
13,798	Contributions by employer including unfunded	13,461
4,419	Contributions by Scheme participants	4,204
(17,915)	Estimated benefits paid plus unfunded net of transfers in	(18,562)
0	Settlement prices received / (paid)	(14,742)
521,040	Closing fair value of Scheme assets	<b>500,368</b>

## Detailed Fund Asset Share

Narrative	Total
Cash and Cash Equivalents	1.2%
Equity Instruments	
Industry Type - Listed	
Consumer	10.2%
Financials	11.4%
Industrials	6.5%
Energy & Utilities	3.1%
Materials	2.0%
Healthcare	4.3%
Information Technology	5.3%
Telecommunications	2.0%
Listed Pooled Funds	20.7%
Unlisted Pooled Funds	2.2%
Unlisted Companies	0.6%
Bonds	
Corporate Listed	0.8%
Corporate Unlisted	5.4%
Corporate – Listed Pooled	6.3%
Government	5.2%
Property	
Retail	1.9%
Commercial	8.6%
Alternatives & Cash	1.9%
Other Investment Funds	
Venture Capital/Partnerships	0.4%
Derivatives	
Forward Foreign Exchange Contracts	0.0%
Total	100.0%

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2014/15		Local Government Pension Scheme 2015/16
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
21.2	Men	21.3
23.2	Women	23.3
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
23.4	Men	23.5
25.5	Women	25.6
3.2%	Rate of inflation (RPI)	3.3%
2.4%	Rate of Inflation (CPI)	2.4%
4.2%	Rate of increase in salaries	4.2%
3.3%	Rate for discounting scheme liabilities	3.7%
2.4%	Pension Increases	2.4%

**Sensitivity Analysis**

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	613,534	625,033	636,759
Projected service cost	18,166	18,592	19,029
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	626,972	625,033	623,107
Projected service cost	18,601	18,592	18,583
Adjustment to increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	634,959	625,033	615,304
Projected service cost	19,025	18,592	18,169
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	643,848	625,033	606,785
Projected service cost	19,066	18,592	18,129

**Projected Pension Expense for the year to 31 March 2017**

Projections for the year to 31 March 2017	Year to 31 March 2017 £000
Service Cost	18,592
Net Interest on the defined liability (asset)	4,367
Administration expenses	55
<b>Total</b>	<b>23,014</b>
<b>Employer Contributions</b>	<b>12,347</b>

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

2014/15 £000		2015/16 £000
123	Net surplus or (deficit) on provision of services	8,905
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
32,947	Depreciation on Non Current Assets	40,786
971	Impairment and downwards revaluation	(983)
47	Amortisation on Intangible Assets	47
(33)	Increase / (Decrease) in Interest Creditors	(61)
1,261	Increase / (Decrease) in Creditors	(488)
63	(Increase) / Decrease in Interest Debtors	20
1,429	(Increase) / Decrease in Debtors	2,248
19	(Increase) / Decrease in Inventories	94
17,748	Pension Liability	6,450
0	Other Non Cash Transactions	474
0	Contributions to / (from) provisions	0
2,416	Carrying amount of non-current assets sold	5,275
(50)	Movement in Investment Property Value	0
56,818	<b>Total Adjustments</b>	<b>53,862</b>

	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
(23,038)	Capital Grants credited to surplus / deficit on the provision of services	(25,524)
3	Net adjustment from the sale of short and long term investments	0
(2,433)	Proceeds from the sale of PPE and intangible assets	(2,136)
(25,468)	<b>Total Adjustments</b>	(27,660)
31,473	<b>Net Cashflows from operating activities</b>	<b>35,107</b>

The cash flows for operating activities include the following items:

2014/15 £000		2015/16 £000
859	Interest received	833
(15,698)	Interest Paid	(15,740)
350	Dividends received	294

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

2014/15 £000		2015/16 £000
(47,994)	Purchase of property, plant and equipment, investment property and intangible assets	(57,572)
(500)	Purchase of short-term and long-term investments	0
(20)	Other payments for investing activities	0
396	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,473
0	Proceeds from short-term and long-term investments	110
23,750	Other receipts from investing activities	26,151
(24,368)	<b>Net cash flows from investing activities</b>	<b>(27,838)</b>

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

2014/15 £000		2015/16 £000
5,179	Cash receipts of short and long-term borrowing	5,049
0	Other receipts from financing activities	0
(1,873)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI/PPP contracts	(2,070)
(8,000)	Repayments of short and long-term borrowing	(6,327)
(4,694)	<b>Net cash flows from financing activities</b>	<b>(3,348)</b>

**Note 35 - Related Parties**

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. The Non Domestic Rate Income debtor was £735k in 2015/16 (£833k in 2014/15)

**Scottish Government**

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

**Members**

Members of the council have direct control over the council's financial and operating policies. The total of members' remuneration, allowances and expenses paid in 2015/16 is shown in Note 29.

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

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

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

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

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

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

**Table 1 - Related Parties**

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

2014/15 Expenditure £000	2014/15 Income £000		2015/16 Expenditure £000	2015/16 Income £000
		<b>Other Public Bodies</b>		
765	0	Valuation Board – Requisition	698	0
0	544	Tayside Contracts – Share of Surplus and associated interest	0	570
19,925	0	Tayside Contracts – Contracts undertaken	24,553	0
959	250	Dundee City Council – DERL waste processing	802	250
0	5,723	NHS Tayside - Resource transfer	0	5,803
10,206	0	STSF – Scottish Teachers Superannuation Fund	10,703	0
		<b>Entities Controlled or Significantly Influenced by Angus Council</b>		
		<b>Angus Alive</b>		
		Contributions to/from company	1,409	151
		<b>Angus Community Care Charitable Trust</b>		
52	0	Contribution due to Trust	54	0
584	0	Amounts due to Trust (rental income)	564	0
0	275	Amounts due from Trust	0	206
		<b>Angus Environmental Trust</b>		
70	0	Landfill Tax Credit	103	0
0	127	Various Minor Contracts	0	0
		<b>Angus Care &amp; Repair</b>		
22	0	HRA	22	0
210	0	People	412	0
188	0	Planning	0	0
		<b>East of Scotland European Consortium</b>		
7	0	Contribution due to the Consortium	7	0
0	2	Amounts due from the Consortium (financial services)	0	2
		<b>Tayside Procurement Consortium</b>		
79	0	Contribution due to the Consortium	82	0
33,067	6,921	<b>Total</b>	<b>39,409</b>	<b>6,982</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.

2014/15 Creditors £000	2014/15 Debtors £000		2015/16 Creditors £000	2015/16 Debtors £000
		<b>Other Public Bodies</b>		
0	0	Valuation Board – Requisition	0	56
0	339	Tayside Contracts – Share of Surplus and associated interest	571	0
3,174	0	Tayside Contracts – Contracts undertaken	4,033	0
53	0	Dundee City Council – re DERL waste processing	79	0
855	0	STSS – Scottish Teachers Superannuation Scheme	931	0
		<b>Entities Controlled or Significantly Influenced by Angus Council</b>		
		<b>Angus Alive</b>		
0	0	Contribution from/to company	379	68
		<b>Angus Community Care Charitable Trust</b>		
0	0	Contribution due to Trust	0	0
0	0	Amounts due to Trust (rental income)	8	0
0	14	Amounts due from Trust	0	110
		<b>Angus Environmental Trust</b>		
17	0	Landfill Tax Credit	0	0
		<b>Angus Care &amp; Repair</b>		
0	52	People	0	53
0	44	Planning	0	0
		<b>East of Scotland European Consortium</b>		
0	1	Contribution due to the Consortium	0	0
		<b>Tayside Procurement Consortium (*)</b>		
19	0	Contribution due to the Consortium	200	0
4,118	450	<b>Total</b>	<b>6,201</b>	<b>287</b>

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

**Angus Council has entered into three Public Private Partnerships 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. 2015/16 was the 11th 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 2015/16.

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. 2015/16 was effectively the 11th 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 2015/16.



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 2015/16 was therefore the 9th 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 2015/16.

Property, Plant and Equipment

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

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

	<b>A</b> <b>A92 Dual</b> <b>Carriageway</b> <b>£000</b>	<b>B</b> <b>Beech Hill House</b> <b>£000</b>	<b>C</b> <b>Schools</b> <b>£000</b>	<b>Totals</b> <b>£000</b>
<b>Gross Book Value at 31 March 2015</b>	<b>53,540</b>	<b>2,421</b>	<b>48,782</b>	<b>104,743</b>
Additions	0	0	0	0
Expenditure	0	3	277	280
Revaluations	0	0	1,615	1,615
Impairment	0	0	0	0
<b>Gross Book Value at 31 March 2016</b>	<b>53,540</b>	<b>2,424</b>	<b>50,674</b>	<b>106,638</b>
<b>Depreciation at 31 March 2015</b>	<b>(19,145)</b>	<b>(168)</b>	<b>(1,336)</b>	<b>(20,649)</b>
Charge for year	(2,359)	(36)	(902)	(3,297)
Write back on revaluations	0	0	1,608	1,608
Write back on impairments	0	0	0	0
<b>Depreciation at 31 March 2016</b>	<b>(21,504)</b>	<b>(204)</b>	<b>(630)</b>	<b>(22,338)</b>
Net Book Value at 31 March 2015	34,395	2,253	47,446	84,094
Net Movements detailed above	(2,359)	(33)	2,599	207
<b>Net Book Value at 31 March 2016</b>	<b>32,036</b>	<b>2,220</b>	<b>50,044</b>	<b>84,300</b>

**Liabilities and Payments**

The following liabilities result from the Council's Public Private Partnerships and are contained within the long term liabilities on the Council's balance sheet.

	<b>A A92 Dual Carriageway £000</b>	<b>B Beech Hill House £000</b>	<b>C Schools £000</b>	<b>Totals £000</b>
Liability at 31 March 2015	44,996	1,471	38,923	85,390
Additions	0	0	0	0
Repayment of liability for year	(1,319)	(88)	(647)	(2,054)
<b>Liability at 31 March 2016</b>	<b>43,677</b>	<b>1,383</b>	<b>38,276</b>	<b>83,336</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 3 PPP contracts at 31 March 2016 (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 Schools £000</b>	<b>Totals £000</b>
<b>Payments due within 1 year (2016/17)</b>				
Repayment of liability	1,418	26	532	1,976
Finance costs	4,522	175	3,057	7,754
Service charges (inc. life cycle replacement costs)	1,067	179	2,461	3,707
<b>Total payments due within 1 year</b>	<b>7,007</b>	<b>380</b>	<b>6,050</b>	<b>13,437</b>
<b>Payments due within 2 to 5 years (2017/18 to 2020/21)</b>				
Repayment of liability	4,637	197	2,806	7,640
Finance costs	17,712	759	11,874	30,345
Service charges (inc. life cycle replacement costs)	7,449	662	10,453	18,564
<b>Total payments due within 2 to 5 years</b>	<b>29,798</b>	<b>1,618</b>	<b>25,133</b>	<b>56,549</b>
<b>Payments due within 6 to 10 years (2021/22 to 2025/26)</b>				
Repayment of liability	8,338	483	5,873	14,694
Finance costs	23,637	983	13,748	38,368
Service charges (inc. life cycle replacement costs)	9,682	795	13,997	24,474
<b>Total payments due within 6 to 10 years</b>	<b>41,657</b>	<b>2,261</b>	<b>33,618</b>	<b>77,536</b>
<b>Payments due within 11 to 15 years (2026/27 to 2030/31)</b>				
Repayment of liability	13,966	677	9,086	23,729
Finance costs	25,984	822	10,965	37,771
Service charges (inc. life cycle replacement costs)	7,178	522	16,189	23,889
<b>Total payments due</b>	<b>47,128</b>	<b>2,021</b>	<b>36,240</b>	<b>85,389</b>

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Schools £000	Totals £000
<b>within 11 to 15 years</b>				
<b>Payments due within 16 to 20 years (2031/32 to 2035/36)</b>				
Repayment of liability	15,318	0	13,777	29,095
Finance costs	20,916	0	6,889	27,805
Service charges (inc. life cycle replacement costs)	11,485	0	18,397	29,882
<b>Total payments due within 16 to 20 years</b>	<b>47,719</b>	<b>0</b>	<b>39,063</b>	<b>86,782</b>
<b>Payments due within 21 to 25 years (2036/37 to 2040/41)</b>				
Repayment of liability	0	0	6,202	6,202
Finance costs	0	0	1,164	1,164
Service charges (inc. life cycle replacement costs)	0	0	6,625	6,625
<b>Total Payments due within 21 to 25 years</b>	<b>0</b>	<b>0</b>	<b>13,991</b>	<b>13,991</b>
<b>Total Payments Due</b>				
Repayment of liability	43,677	1,383	38,276	83,336
Finance Costs	92,771	2,739	47,697	143,207
Service charges (incl. life cycle replacement costs)	36,861	2,158	68,122	107,141
<b>Total Payments Due</b>	<b>173,309</b>	<b>6,280</b>	<b>154,095</b>	<b>333,684</b>

#### Note 37 - Leases

##### Authority as Lessee -Finance Leases

The Council has acquired 2 buildings under finance leases.

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

31 March 2015 £000		31 March 2016 £000
388	Other Land and Buildings	365
0	Vehicles, Plant, Furniture and Equipment	0

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

31 March 2015 £000		31 March 2016 £000
	<b>Finance lease liabilities:</b>	
20	Current	21
414	Non-current	393
247	Finance costs payable in future years	225
681	<b>Minimum lease payments</b>	<b>639</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 2015 £000	31 March 2015 £000		31 March 2016 £000	31 March 2016 £000
42	20	No later than one year	42	21
167	89	Later than one year and not later than five years	167	89
472	325	Later than five years	430	304
681	434	<b>Totals</b>	<b>639</b>	<b>414</b>

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

### Operating Leases

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

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

31 March 2015 £000		31 March 2016 £000
20	No later than one year	20
42	Later than one year and not later than five years	22
0	Later then five years	0
62	<b>Totals</b>	<b>42</b>

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

2014/15 £000		2015/16 £000
9	Minimum lease payments	9

### Authority as Lessor - Finance Leases

The Council has leased out 3 properties on finance leases.

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

31 March 2015 £000		31 March 2016 £000
	<b>Finance lease debtors:</b>	
4	Current	4
3	Non-current	9
26	Unearned finance income	22
144	Unguaranteed residual values	134
177	<b>Gross Investment in the Lease</b>	<b>169</b>

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

Gross Investment	Minimum Lease Payments		Gross Investment	Minimum Lease Payments
31 March 2015 £000	31 March 2015 £000		31 March 2016 £000	31 March 2016 £000
54	14	No later than one year	42	13
123	19	Later than one year and not later than five years	127	22
0	0	Later then five years	0	0
177	33	<b>Totals</b>	<b>169</b>	<b>35</b>

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

### Operating Leases

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

### Note 38 - Capital Commitments

As at 31 March 2016, the Authority has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2016/17 and future years, budgeted to cost £20.121 million (gross). Similar commitments at 31 March 2015 were £41.457 million (gross). The major commitments (on a gross basis) include: Montrose South Regeneration (£2.238 million); Ongoing Development / Capping at Restenneth Landfill Site (£0.634 million); Vehicle Workshop / Facilities at Peasiehill (£0.916 million); A92 Dundee to Arbroath Upgrading Project (£0.860 million); Arbroath Schools Project Phase 1 (£2.626 million); Brechin High School Community Campus (£2.761 million); Forfar Academy Community Campus Contribution (£0.896 million); New Build Affordable Housing (£1.686 million); and Council Housing Heating Replacement Programmes (£4.180 million).

### Note 39 - Construction Contracts

At 31 March 2016 the Authority had no construction contracts in progress on behalf of any other party. Accordingly no entries were due to be accrued or disclosed in the Council's accounts. The same position existed at 31 March 2015.

### Note 40 - Capital Expenditure and Capital Financing

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

2014/15 £000	Movement in Year	2015/16 £000
248,548	Opening Capital Financing Requirement	247,088
	Capital Investment:	
48,749	Property, Plant and Equipment	58,287
0	Investment Properties	0
0	Intangible Assets	0
0	Revenue Expenditure Funded from Capital under Statute	0
	Sources of Finance:	
(2,432)	Capital Receipts	(1,891)
(23,442)	Government Grants and other Contributions	(25,376)
	Sums set aside from revenue:	
(15,145)	Direct revenue contributions	(13,075)
(7,317)	Loans Fund Principal	(7,771)
(1,873)	Repayment of Liability – Finance Lease / PFI & PPP	(2,075)
247,088	<b>Closing Capital Financing Requirement</b>	<b>255,187</b>

	<b>Explanation of Movements in year</b>	
429	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	10,865
(16)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(691)
(19)	Movement in liability of assets acquired under finance leases	(20)
(1,854)	Movement in liability of assets acquired under PFI/PPP contracts	(2,055)
(1,460)	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>8,099</b>

**Capital Expenditure on Services**

2014/15 Actual £000		2015/16 Actual £000	2015/16 Budget £000
	<b>CAPITAL EXPENDITURE ON SERVICES</b>		
	<b>Chief Executive's</b>		
443	Economic Development	513	773
	<b>Communities</b>		
13,222	Housing Revenue Account	9,730	8,831
212	Planning & Place	379	423
3,558	Regulatory, Protective & Prevention Services	3,123	5,453
331	Services to Communities	641	841
14,551	Technical & Property Services	16,328	18,131
	<b>People</b>		
69	Adult Services	60	87
1,439	Children & Young People's Services	519	501
13,548	Schools & Learning	26,009	24,932
909	<b>Resources</b>	680	1,225
	<b>Advances</b>		
0	Council House Purchase	25	0
0	Private House Purchase	0	0
0	Housing Associations	0	0
48,282	<b>Total Capital Expenditure</b>	<b>58,007</b>	<b>61,197</b>
	<b>Financing of Capital Expenditure</b>		
2,440	Sale of Assets	1,891	652
23,434	Government Grants & Other Contributions	25,376	25,600
14,511	Contribution from Revenue	12,445	13,085
167	Local Capital Fund	350	1,825
7,730	Advances from Loans Fund	17,945	20,035
48,282	<b>Total Capital Financing</b>	<b>58,007</b>	<b>61,197</b>

**Note 41 – 2015/16 Capital Budget**

The 2015/16 capital budgets shown in note 40 are the capital monitoring budgets for the year as published in the Council's 2015/16 Final Capital Budget Volume (report 335/15 refers).

**Note 42 - Financial Instruments**

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

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

**Analysis of Financial Instruments**

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

<b>Long Term</b>	<b>Current</b>		<b>Long Term</b>	<b>Current</b>
31 March 2015 £000	31 March 2015 £000		31 March 2016 £000	31 March 2016 £000
		<b>Financial Liabilities at amortised cost</b>		
154,704	11,803	Borrowing	155,254	9,941
		Creditors:		
0	37,869	General	0	38,019
0	1,508	Bank Overdraft	0	623
154,704	51,180	<b>Total Financial Liabilities</b>	<b>155,254</b>	<b>48,583</b>
		<b>Financial Assets</b>		
		Loans and receivables		
7,235	22,595	Debtors	6,767	19,406
0	33,077	Investments & Bank Deposits	0	41,011
7	10,047	Available-for-sale financial assets	0	5,015
7,242	65,719	<b>Total Financial Assets</b>	<b>6,767</b>	<b>65,432</b>

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

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

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

Financial liabilities at amortised cost include long term borrowing of £155.254 million as per the balance sheet. An additional £4.745 million of borrowing is due to mature within 2016/17. This is included together with accrued interest (£1.195 million) on financial liabilities at the Balance Sheet date within the current category in this note.

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

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

2014/15			2015/16		
			Financial Assets		
Total £000		Financial Liabilities Measured at amortised cost £000	Loans and receivables £000	Available- for-sale assets £000	Total £000
(7,809)	Interest expense	(7,752)	0	0	(7,752)
(203)	Losses on derecognition	(203)	0	0	(203)
(8,012)	<b>Interest payable and similar charges</b>	<b>(7,955)</b>	<b>0</b>	<b>0</b>	<b>(7,955)</b>
355	Interest income	0	370	50	420
3	Gains on derecognition	3	0	0	3
358	<b>Interest and investment income</b>	<b>3</b>	<b>370</b>	<b>50</b>	<b>423</b>
(7,654)	<b>Net gain /(loss) for the year</b>	<b>(7,952)</b>	<b>370</b>	<b>50</b>	<b>(7,532)</b>

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

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

- For PWLB debt, the discount rate used is the rate for new borrowing (maturity basis) as per the rate sheet number 124/16 as this excludes the margin included in the premature repayment rate, which represents the lender's profit as a result of debt rescheduling, as any motivation other than securing a fair price should be ignored;
- In respect of LOBO debt and market lending, discount rates equal the rates available for an equivalent instrument, with equivalent terms from a comparable lender;
- In respect of the long term debtors, the discount rates used are those applicable to PWLB new borrowing for a period equal to the remaining period of the long term debtor, as taken from PWLB rate sheet number 124/16;
- Long term investments are carried on the Balance Sheet at historic cost but are not material. No fair value calculation has therefore been carried out and the amortised cost value has been included as the fair value;
- Accrued interest has been included in the fair value;
- No early repayment or impairment has been allowed within the fair value calculations;
- No adjustments have been made where any relevant dates fall on a non-working day; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.



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

31 March 2015						31 March 2016	
Comparison Amount	Fair Value		Carrying Amount	Less LOBO Accounting Adjustments	Add Accrued Interest	Comparison Amount	Fair Value
£000	£000		£000	£000	£000	£000	£000
131,616	164,983	PWLB	129,483	0	1,076	130,559	165,004
30,118	38,946	LOBO's	30,515	(515)	119	30,119	40,049
37,869	37,869	Creditors	38,160	0	0	38,160	38,160
4,252	4,252	Short term borrowing	3,977	0	0	3,977	3,977
1,508	1,508	Bank overdraft	623	0	0	623	623
205,363	247,558	<b>Total financial liabilities</b>	<b>202,758</b>	<b>(515)</b>	<b>1,195</b>	<b>203,438</b>	<b>247,813</b>

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

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

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

31 March 2015			31 March 2016	
Carry Amounting	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
7,571	7,571	Bank deposits of 7 days or less	10,579	10,579
18,536	18,558	Deposits with Banks and Building Societies	30,043	30,096
7,008	7,002	Deposits with other Local Authorities	5,403	5,408
0	0	Money Market Fund Deposits	0	0
7,235	5,648	Long term debtors	6,767	5,266
22,595	22,595	Debtors	19,406	19,406
62,945	61,374	<b>Total financial assets</b>	<b>72,198</b>	<b>70,755</b>

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

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

#### Soft Loans

The council had no soft loans at the 31<sup>st</sup> March 2016.

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

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

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

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

**Credit Risk**

Credit risk arises primarily from deposits with banks and other financial institutions, but also arises from credit exposures to the Council's customers. Deposits during 2015/16 were only made with banks or other financial institutions which were assessed independently by the Council's Treasury Management advisers as being sufficiently secure and which had a minimum Fitch long term rating of A- and a minimum Fitch short term rating of F1 or were classed as a part or fully nationalised bank at the time the deposit was made. Deposits could also be made with other Local Authorities and whilst such bodies are not specifically rated, they are deemed to hold at least the rating level of the UK government. The exception to these criteria was overnight deposits placed with the Council's own bank (Clydesdale) as noted below.

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

In respect of the financial year 2015/16 the following limits were in place and were applied at the time each deposit was made:

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

The one exception to the above mentioned limits is the Council's own bank - currently the Clydesdale Bank - for which an overall investment limit of £20.0 million is maintained for operational reasons. The bank did not meet the council's minimum investment criteria during 2015/16, therefore in line with the approved Treasury Management Strategy, the placement of funds was limited throughout the financial year to overnight only.

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

	Amounts at 31 March 2016	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2016	Estimated maximum exposure – default etc
	£000	%	%	£000
Deposits with the Council's main bank	5,570	0	0	0
Deposits with other banks	25,000	0	0	0
Deposits with other Local Authorities	5,000	0	0	0
Money Market Fund Deposits	0	0	0	0
Deposits with Building Societies	5,000	0	0	0
Collateralised Deposits	5,000	0	0	0
Customers	9,156	2.59	2.02	0
<b>Totals</b>	<b>54,726</b>	<b>2.59</b>	<b>2.02</b>	<b>0</b>

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

The Council does not generally give credit for customers and in this regard it can be reported that £6.954 million of the £9.156 million customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

	31 March 2016 £000
Less than 3 months	5,561
3 to 6 months	1,219
6 months to 1 year	418
More than 1 year	1,958
<b>Total</b>	<b>9,156</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 (PWL) for longer term commitments. There is therefore no significant risk that the Council will be unable to raise funds to meet its commitments under financial instruments. The risk instead is that the Council may have to replenish a significant proportion of its borrowing at a time when interest rates may not be favourable. In accordance with the CIPFA Treasury Management Code of Practice, the Council has a policy in respect of upper and lower limits with regard to the maturity structure of fixed rate borrowing. The limits are set with the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing as set out in the following table below.

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

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

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

Loan Value 31 March 15 £000		Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 16 £000
	<b>Loans Outstanding</b>			
130,480	PWLB	129,483	0	<b>129,483</b>
16,000	LOBO's - European Banks	16,515	(515)	<b>16,000</b>
14,000	LOBO's - UK Banks	14,000	0	<b>14,000</b>
160,480	<b>Total</b>	<b>159,998</b>	<b>(515)</b>	<b>159,483</b>
	<b>Maturity Structure</b>			
6,296	Less than 1 year	4,745	0	<b>4,745</b>
4,745	Between 1 and 2 years	4,741	0	<b>4,741</b>
14,167	Between 2 and 5 years	11,045	0	<b>11,045</b>
17,588	Between 5 and 10 years	15,970	0	<b>15,970</b>
117,684	Over 10 years	123,497	(515)	<b>122,982</b>
160,480	<b>Total</b>	<b>159,998</b>	<b>(515)</b>	<b>159,483</b>
The 2015/16 figures are shown for comparison. In the over 10 years category there are LOBO's with a Loan Value totalling £21 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.

#### Market Risk - Interest Rate Risk

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

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

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

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

#### Market Risk - Price Risk

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

#### Market Risk - Foreign Exchange Risk

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

**Note 44 - Loans Fund Revenue Account**

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

2014/15 £000		2015/16 £000
	<b>Expenditure</b>	
	Interest Paid on Loans:-	
6,445	Public Works Loan Board	6,387
0	Public Works Loan Board Redemptions	0
1,329	Other Mortgages and Bonds	1,332
26	Internal Loans	26
354	Interest Paid on Revenue Balances	393
105	Expenses of Borrowing	106
8,259	<b>TOTAL EXPENDITURE</b>	<b>8,244</b>
	<b>Income</b>	
355	Interest received	419
7,799	Interest Charged to borrowing accounts	7,719
105	Expenses recovered from borrowing accounts	106
8,259	<b>TOTAL INCOME</b>	<b>8,244</b>

**Loans Fund Interest**

The average rate of interest charged on borrowing from the Loans Fund was 4.47% in 2015/16. The 2014/15 rate was 4.72%.

**Debt Management Expenses**

The equivalent rate for debt management expenses was 0.06%. The 2014/15 rate was 0.06%.

**Debt per Head of Population**

The amount of debt outstanding at 31 March 2016 was £161.5million or £1,475.26 per head of population. The figures at 31 March 2015 were £161.5million or £1,392.17 respectively.

**Note 45 – Other Long Term Liabilities**

Other long term liabilities (£207.031 million) are considered throughout the notes to the accounts. They essentially consist of three main factors; deferred income, deferred liabilities and the liability relating to the Council's defined benefit pension scheme.

In summary, deferred income (£0.614 million) relates to prepaid income, with deferred liabilities (£81.752 million) relating to finance leases (£0.393 million) and outstanding debt associated with PPP projects (£81.359 million). The Council's defined benefit pension scheme has a long term liability of £124.665 million.

**Note 46 – Prior Period Adjustments**

There are no prior period adjustments to report for 2014/15.

**Note 47 - Contingent Liability**

There are no contingent liabilities at 31 March 2016.

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

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

Intra-group balances and transactions are eliminated on consolidation.

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

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

### Non-Combining Entity

Angus Integration Joint Board was established in the latter part of 2015/16 but has not been consolidated to the Group Accounts for 2015/16 on the grounds of materiality. This position will be reviewed for the 2016/17 final accounts on the basis of a full financial year.

## Group Movement in Reserves Statement as at 31 March 2016

	Council Usable Reserves £000	Council Unusable Reserves £000	Total Council Reserves £000	Share of Reserves of Associates & Subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2014	27,926	240,311	268,237	(6,352)	261,885
<b>Movement in reserves during 14/15</b>					
Surplus or (deficit) on provision of services	123	0	123	(1,652)	(1,529)
Other Comprehensive Expenditure and Income	0	146,406	146,406	7,482	153,888
<b>Total Comprehensive Expenditure and Income</b>	<b>123</b>	<b>146,406</b>	<b>146,529</b>	<b>5,830</b>	<b>152,359</b>
Opening balance / Group share adjustments	0	0	0	1,242	1,242
Adjustments between accounting basis and funding basis under regulations	4,721	(4,721)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>4,844</b>	<b>141,685</b>	<b>146,529</b>	<b>7,072</b>	<b>153,601</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0
<b>Increase / Decrease in Year</b>	<b>4,844</b>	<b>141,685</b>	<b>146,529</b>	<b>7,072</b>	<b>153,601</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>32,770</b>	<b>381,996</b>	<b>414,766</b>	<b>720</b>	<b>415,486</b>
<b>Movement in reserves during 15/16</b>					
Surplus or (deficit) on provision of services	8,905	0	8,905	(2,824)	6,081
Other Comprehensive Expenditure and Income	0	44,327	44,327	(2,216)	42,111
<b>Total Comprehensive Expenditure and Income</b>	<b>8,905</b>	<b>44,327</b>	<b>53,232</b>	<b>(5,040)</b>	<b>48,192</b>
Opening balance / Group share adjustments	0	0	0	(930)	(930)
Adjustments between accounting basis and funding basis under regulations	(3,694)	3,694	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>5,211</b>	<b>48,021</b>	<b>53,232</b>	<b>(5,970)</b>	<b>47,262</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0
<b>Increase / Decrease in Year</b>	<b>5,211</b>	<b>48,021</b>	<b>53,232</b>	<b>(5,970)</b>	<b>47,262</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>37,981</b>	<b>430,017</b>	<b>467,998</b>	<b>(5,250)</b>	<b>462,748</b>

**Group Comprehensive Income and Expenditure Statement for the year 31 March 2016**

2014/15				2015/16		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
114,017	(4,099)	109,918	Education	107,713	(4,122)	103,591
87,093	(19,823)	67,270	Social Work	93,047	(21,020)	72,027
29,560	(5,767)	23,793	Roads & Transport	31,067	(6,473)	24,594
20,374	(7,118)	13,256	Cultural & Related Services	19,629	(5,254)	14,375
24,030	(7,379)	16,651	Environmental Services	22,426	(4,888)	17,538
8,127	(3,493)	4,634	Planning & Development Services	7,843	(3,585)	4,258
7,311	(2,531)	4,780	Central Services	7,460	(2,634)	4,826
22,115	(26,341)	(4,226)	Housing Revenue Account	28,832	(27,176)	1,656
29,194	(28,579)	615	Housing - General Fund	30,508	(30,043)	465
4,673	0	4,673	Corporate & Democratic Core	4,303	0	4,303
1,013	(37)	976	Non Distributed Costs	(5,391)	(53)	(5,444)
0	0	0	Interest in Subsidiary – Angus Alive	2,954	(1,314)	1,640
28	(62)	(34)	Interest in Subsidiary – Charitable Trusts	31	(56)	(25)
366	(325)	41	Interest in Subsidiary – Common Good	807	(322)	485
1,447	0	1,447	Share of Associate Operating Results	2,064	0	2,064
<b>349,348</b>	<b>(105,554)</b>	<b>243,794</b>	<b>Group Cost Of Services</b>	<b>353,293</b>	<b>(106,940)</b>	<b>246,353</b>
		(16)	Other Operating Income and Expenditure - Council			3,489
		(172)	Other Operating Income and Expenditure – Associates			(195)
		24,147	Financing & Investment Income & Expenditure - Council			18,761
		1,109	Financing & Investment Income & Expenditure – Associates			1,093
		0	Surplus or Deficit on Discontinued Operations			0
		(267,307)	Taxation and Non-Specific Grant Income - Council			(275,573)
		(26)	Taxation and Non-Specific Grant Income – Associates			(9)
		(1,529)	<b>Group Surplus or (Deficit) on Provision of Services</b>			<b>6,081</b>
		54,850	Surplus or (deficit) on revaluation of non-current assets – Council			16,324
		381	Surplus or (deficit) on revaluation of non-current assets – Subsidiaries			(178)
		(580)	Surplus or (deficit) on revaluation of available for sale financial assets - Council			(244)
		92,136	Re-measurement of net pension liability - Council			28,143
		0	Re-measurement of net pension liability - Subsidiaries			(4,454)
		7,101	Re-measurement of net pension liability – Associates			2,416
		0	Other unrealised gains/(losses)			104
		153,888	<b>Other Group Comprehensive Income and Expenditure</b>			<b>42,111</b>
		152,359	<b>Total Group Comprehensive Income and Expenditure</b>			<b>48,192</b>



## Group Balance Sheet as at 31 March 2016

31/03/2015 £000		Group Notes	31/03/2016 £000
772,824	Property, Plant & Equipment		801,475
5,770	Heritage Assets		5,770
1,581	Investment Property		1,536
141	Intangible Assets		94
149	Assets Held for Sale		90
1,268	Long Term Investments		1,190
6,996	Long Term Debtors		6,387
788,729	<b>Long Term Assets</b>		<b>816,543</b>
35,622	Short Term Investments	14	35,494
780	Inventories		715
25,330	Short Term Debtors	13	21,854
6,063	Cash and Cash Equivalents	12	10,418
0	Assets held for sale		0
67,795	<b>Current Assets</b>		<b>68,481</b>
0	Provisions		0
(7,644)	Short Term Borrowing		(6,026)
(37,892)	Short Term Creditors	15	(38,467)
(45,536)	<b>Current Liabilities</b>		<b>(44,493)</b>
(93)	Provisions		(93)
(154,704)	Long Term Borrowing		(155,254)
0	Other Long Term Creditors		0
(146,358)	Pension Liability	16	(129,350)
(84,396)	Other Long Term Liabilities		(82,366)
(9,951)	Liability in Associates		(10,720)
(395,502)	<b>Long Term Liabilities</b>		<b>(377,783)</b>
415,486	<b>Net Assets</b>		<b>462,748</b>
36,039	Usable Reserves		46,611
387,180	Unusable Reserves		429,354
(7,733)	Group Reserves		(13,217)
415,486	<b>Total Reserves</b>		<b>462,748</b>

The accounts were issued for audit on the 29 June 2016 and the audited accounts were authorised for issue by the Head of Corporate Improvement and Finance on 27 September 2016.

Ian Lorimer CPFA, Head of Corporate Improvement & Finance  
27 September 2016

**Group Cash Flow Statement**

<b>2014/15 £000</b>		<b>Group Notes</b>	<b>2015/16 £000</b>
(1,534)	Net surplus or (deficit) on the provision of services		6,081
58,411	Adjustment to surplus or deficit on the provision of services for non cash movements	9	56,844
(25,468)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	9	(27,660)
31,409	Net Cash flows from Operating Activities	9	35,265
(24,304)	Net Cash flows from Investing Activities	10	(27,562)
(4,694)	Net Cash flows from Financing Activities	11	(3,348)
2,411	Net increase or decrease in cash and cash equivalents		4,355
3,652	Cash and cash equivalents at the beginning of the reporting period	12	6,063
<b>6,063</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>12</b>	<b>10,418</b>

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

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

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

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

### **Note 3 - Consolidation**

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

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

#### Subsidiaries

##### *Angus Alive*

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

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

The results for the 4 months that Angus Alive has been operating have been incorporated into the Group Accounts on a 100% basis for 2015/16 (share not applicable for 2014/15).

A copy of Angus Alive's 2015/16 accounts (covering the 4 months from 1 December 2015 to 31 March 2016) may be obtained from: Head Office, The Yard, Queenswell Road, Forfar, DD8 3GN.

##### *Charitable Trusts and Endowments*

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

##### *Common Good Funds*

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

#### Associates

Three entities have been consolidated as associates into Angus Council's Group Accounts in 2015/16 – Tayside Valuation Joint Board, Tayside Contracts Joint Committee and Angus Alive. The accounting period for all three 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 the three entities, Angus Council's share of the results of each have been included in the Group Accounts as Angus Council has voting rights and the ability to exercise significant influence over each entity. Each entity has therefore been incorporated in the Group Accounts under the equity method of accounting for associates. Angus Council's interest in each entity is deemed to have been obtained on an acquisition basis, however no consideration was given and therefore no goodwill requires to be accounted for.

##### *Tayside Valuation Joint Board*

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

Recognition has been made within the Group Accounts of the Council's interest which is based on its share of the contribution made to Tayside Valuation Joint Board of 26.16% (the share in 2014/15 was 26.43%). A copy of Tayside Valuation Joint Board's 2015/16 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 2015/16, which is 31.7% (the share in 2014/15 was 28.5%). A copy of Tayside Contracts' 2015/16 accounts may be obtained from: 1 Soutar Street, Dundee, DD3 8SS.

#### **Note 4a – Non-Combining Entity**

Angus Integration Joint Board (AIJB) was established in 2015 as a body corporate by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014 on 3rd October 2015. It is a formal Partnership between NHS Tayside and Angus Council to deliver health and social care from 1st April 2016. For the financial year 2015/16, the AIJB was established but had not taken on responsibility for the delivery of functions. Gross expenditure for 2015/16 was £138,000, which is not material to the Angus Council Group Accounts. This position will be reviewed for the 2016/17 final accounts on the basis of a full financial year.

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

The net effect of inclusion of Tayside Valuation Joint Board (associate), Tayside Contracts (associate), Angus Alive (associate), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £5.273m (2014/15 showed an increase of £0.720m).

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

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

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

There are no prior period adjustments to report.

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

There were no non-adjusting events.

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

The Statement of Accounts of the various group entities contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. As balances cannot be determined with certainty however, actual results could be materially different from the assumptions and estimates. The item for which there is the most significant risk of material adjustment in the forthcoming year continues to be the estimation of the net liability to pay pensions as this depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

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

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

2014/15 £000		2015/16 £000
(1,534)	<b>Net surplus or (deficit) on provision of services</b>	<b>6,081</b>
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
32,947	Depreciation on Non Current Assets	40,922
971	Impairment and downwards valuations	(913)
47	Amortisation on Intangible Assets	47
(33)	Increase / (Decrease) in Interest Creditors	(61)
1,261	Increase / (Decrease) in Creditors	361
63	(Increase) / Decrease in Interest Debtors	20
1,429	(Increase) / Decrease in Debtors	1,697
19	(Increase) / Decrease in Inventories	65
17,748	Pension Liability	6,681
0	Other Non Cash Transactions	495
0	Contributions to / (from) provisions	
2,416	Carrying amount of non-current assets sold	5,275
(50)	Movement in Investment Property Value	0
1,593	(Surplus) / Deficit attributable to Associates / Joint Ventures	2,255
0	(Surplus) / Deficit attributable to Jointly Controlled Entities	0
58,411	<b>Total Adjustments</b>	<b>56,844</b>
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
0	Interest paid	0
0	Interest element of finance lease payments	0
(23,038)	Capital Grants credited to surplus / deficit on the provision of services	(25,524)
3	Net adjustment from the sale of short and long term investments	0
(2,433)	Proceeds from the sale of PPE and intangible assets	(2,136)
(25,468)	<b>Total Adjustments</b>	<b>(27,660)</b>
31,409	<b>Net cash flows from operating activities</b>	<b>35,265</b>

The cash flows for operating activities include the following items:

2014/15 £000		2015/16 £000
859	Interest received	<b>862</b>
(15,698)	Interest Paid	<b>(15,762)</b>
350	Dividends received	<b>345</b>

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

2014/15 £000		2015/16 £000
(47,994)	Purchase of property, plant and equipment, investment property and intangible assets	(57,572)
(500)	Purchase of short-term and long-term investments	(49)
(20)	Other payments for investing activities	0
396	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,473
0	Proceeds from short-term and long-term investments	430
64	Net cash / (overdraft) acquired with Subsidiary	0
23,750	Other receipts from investing activities	26,156
(24,304)	<b>Net cash flows from investing activities</b>	<b>(27,562)</b>

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

2014/15 £000		2015/16 £000
5,179	Cash receipts of short and long-term borrowing	5,049
0	Other receipts from financing activities	0
(1,873)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,070)
(8,000)	Repayments of short and long-term borrowing	(6,327)
0	Other payments for financing activities	0
(4,694)	<b>Net cash flows from financing activities</b>	<b>(3,348)</b>

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

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

2014/15 £000		2015/16 £000
38	Cash held by the Group	471
(1,508)	Bank Overdraft	(623)
7,533	Cash Investments	10,570
6,063	<b>Total Cash and Cash Equivalents</b>	<b>10,418</b>

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

2014/15 £000		2015/16 £000
25,302	Angus Council Debtors	21,717
23	Charitable Trusts Debtors	11
5	Common Good Fund Debtors	5
0	Angus Alive Debtors	568
0	Exclude Intra Company Debtors	(447)
25,330	<b>Total Group Debtors</b>	<b>21,854</b>

**Note 14 - Short Term Investments**

2014/15 £000		2015/16 £000
35,595	Angus Council Short Term Investments	35,465
27	Charitable Trusts Short Term Investments	29
35,622	<b>Total Group Short Term Investments</b>	<b>35,494</b>

**Note 15 – Short Term Creditors**

2014/15 £000		2015/16 £000
37,869	Angus Council Creditors	38,019
1	Charitable Trusts Creditors	0
22	Common Good Fund Creditors	24
0	Angus Alive Creditors	871
0	Exclude Intra Company Creditors	(447)
37,892	<b>Total Group Creditors</b>	<b>38,467</b>

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

2014/15 £000		2015/16 £000
146,358	Angus Council – Pensions Liability	124,665
0	Angus Alive – Pensions Liability	4,685
146,358	<b>Total Group Pension Liability</b>	<b>129,350</b>

**Note 17 - Grant Income**

With the exception of £9,000 Other Capital Contributions received by Tayside Joint Valuation Board (£26,000 in 2014/15) the grants, contributions and donations reflected in the Taxation and Non-Specific Grant Income line of the Comprehensive Income & Expenditure Statement all relate to Angus Council as detailed in note 10 to the single entity accounts.

**Note 18 – Additional Disclosure**

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

2014/15 %		2015/16 %
0.39%	Tayside Valuation Joint Board	0.36%
3.43%	Tayside Contracts	4.19%
0%	Angus Alive	1.32%

As noted in the table below, the main liability relates to the obligations of the above in respect of defined benefit pension schemes. The pension accounting requirements of Financial Reporting Standards (FRS 17) and International Accounting Standards (IAS 19) have been applied to the accounting statements.

2014/15 Pension Scheme Obligations £000	2014/15 Total Gross Liabilities £000		2015/16 Pension Scheme Obligations £000	2015/16 Total Gross Liabilities £000
1,557	1,703	Tayside Valuation Joint Board	1,335	1,503
9,071	15,112	Tayside Contracts	10,233	17,679
0	0	Angus Alive	4,685	5,556

#### **Note 19 – Group Reserves**

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.188m. This reserve is not freely available for general use as it is subject to restrictions for specified charitable purposes, and is therefore ring-fenced within the Group Reserves.

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

#### **Note 20 – Other Satellite Organisations**

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

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

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

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

#### **Note 21 – Audit of Group Entities**

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

##### Subsidiaries

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

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

Angus Alive – draft accounts issued for audit (Henderson Loggie) – audit in progress – accounts to be submitted to Companies House by 27 November 2016

##### Associates

Tayside Valuation Joint Board – true and fair view (KPMG LLP)

Tayside Contracts – true and fair view (KPMG LLP)

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 2016 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 2016**

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.

2014/15 Actual £000		2015/16 Actual £000	2015/16 Actual £000	2015/16 Budget £000
	<b>Expenditure</b>			
6,337	Repairs and Maintenance	6,768		7,186
6,835	Supervision and Management	7,172		8,213
626	Void Rents	527		638
6,101	Depreciation and impairment of non-current assets	12,012		12,012
516	Movement in the allowance for bad debts	439		700
765	Other expenditure	793		846
21,180	<b>Total Expenditure</b>		<b>27,711</b>	<b>29,595</b>
	<b>Income</b>			
(23,518)	Dwelling Rents	(24,358)		(24,125)
(529)	Non-Dwelling Rents	(527)		(537)
(29)	Housing Support Grant	(59)		(59)
(1,330)	Other Income	(1,112)		(1,420)
(25,406)	<b>Total Income</b>		<b>(26,056)</b>	<b>(26,141)</b>
(4,226)	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		1,655	3,454
280	HRA share of Corporate and Democratic Core		280	277
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		0	0
(3,946)	<b>Net cost of HRA Services</b>		<b>1,935</b>	<b>3,731</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>			
(179)	(Gain) or loss on sale of HRA non-current asset		1,290	1,290
1,757	Interest payable and similar charges		1,676	2,055
(1)	Interest and investment income		(2)	(2)
368	Pension interest cost and expected return on pension assets		135	135
(2,370)	Non-specific Grant Income		(2,141)	(2,141)
(4,371)	<b>(Surplus) or Deficit for the year on HRA services</b>		<b>2,893</b>	<b>5,068</b>

**Movement on the HRA Statement for the Year Ended 31 March 2016**

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.

2014/15 £000		2015/16 £000	2015/16 £000
(3,181)	Balance on the HRA at the end of the previous year		(3,563)
(4,371)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	2,893	
3,717	Adjustments between accounting basis and funding basis under statute	(5,137)	
(654)	Net (Increase) or decrease before transfers to or from reserves		(2,244)
	Transfers to / (from) earmarked reserves:		
(222)	Affordable Housing Account	(49)	
151	Prepaid Capital Grants	165	
71	Appropriation of General Fund property (Strang St, Forfar, Forties Rd / Borrowfield, Montrose)		116
(3,563)	<b>Housing Revenue Account surplus carried forward</b>		<b>(5,691)</b>
	<b>Summary of HRA Balance Commitments</b>		
1,000	Minimum Policy Level		1,000
687	Survive and Thrive Commitment		687
0	Early Repayment of Debt		2,128
1,876	Scottish Housing Quality Standard / New Build		1,876
3,563	<b>Total HRA Balance Commitments</b>		<b>5,691</b>

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

2014/15 £000		2015/16 £000	2015/16 £000
	<b>Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement</b>		
(6,101)	Depreciation		(12,012)
1	Employee Benefits		(1)
(243)	IAS 19 Pension Adjustment		(259)
(6,343)			<b>(12,272)</b>
	<b>Items not included in the HRA Net Cost of Services but included in the Movement on HRA Statement</b>		
436	Loans fund principal repayments		396
7,372	Capital expenditure funded by the HRA		6,139
222	Capital expenditure funded by Affordable Housing Reserve		49

2,219	Non Specific Grant Income		1,976
(368)	HRA Share of contributions to or from the Pensions Reserve		(135)
9,881			<b>8,425</b>
	<b>Gain/Loss on Sale of HRA non-current assets</b>		
1,363	Non-current assets sales proceeds (net of cost of sales)		1,722
(1,184)	Net Book Value of non-current assets sold		(3,012)
10,060			<b>7,135</b>
3,717	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		<b>(5,137)</b>

### Housing Stock

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

2014/15		2015/16
40% / 60%	Houses / Maisonettes	40% / 60%
	<b>Stock changes can be summarised as follows:-</b>	
7,814	Stock at 1 April	<b>7,764</b>
	<b>Add:</b>	
18	New Build	2
1	Conversions	48
	<b>Less:</b>	
(33)	Right to Buy Sales	(38)
(36)	Closures / Demolitions	(71)
7,764	<b>Stock at 31 March</b>	<b>7,705</b>

### Rent Arrears

Rent arrears as at 31 March 2016 were £2.034 million, and the comparable figure for 31 March 2015 was £1.907 million.

The provision for bad or doubtful debt has been increased from £1.233 million at 31 March 2015 to £1.316 million at 31 March 2016.

### Prior Year Items

There are no exceptional or prior year items disclosed in the 2015/16 HRA Income and Expenditure Statement.

**Council Tax****Income Account**

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

2014/15 £000		2015/16 £000
54,602	<b>Gross Council Tax Levied &amp; contributions in Lieu</b>	54,970
(5,259)	Council Tax Reduction Scheme (CTRS)	(5,153)
0	Discounts for Prompt Payment	0
(6,508)	Other Discounts & Reductions	(6,396)
(810)	Write-off of Uncollected Debts & Allowances for Impairments	(829)
42,025	<b>Net Council Tax Income</b>	<b>42,592</b>
192	Adjustment to previous years' Community Charge & Council Tax	(43)
42,217	<b>Transfers to the General Fund</b>	<b>42,549</b>

**Council Tax Income**

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

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

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

## Calculation of the Council Tax Charge Base 2015/16

2014/15		Valuation Band								2015/16
TOTAL		A	B	C	D	E	F	G	H	TOTAL
54,934	Total Number of Properties	15,229	12,721	7,004	8,343	7,342	2,953	1,599	171	55,362
1,724	Less Exemptions/ Deductions	754	435	164	138	139	69	23	22	1,744
5,003	Less Adjustment for Single Discounts	2,234	1,159	585	540	359	94	48	4	5,023
837	Less Adjustment for Double Discounts	297	155	114	83	48	33	21	9	760
47,370	Effective Number of Properties	11,944	10,972	6,141	7,582	6,796	2,757	1,507	136	47,835
	Band D Equivalent Factor (Ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
44,130	Band D Equivalent Number of Properties	7,960	8,534	5,459	7,582	8,306	3,982	2,512	272	44,607
883	Less Provision for Non-Collection 2%	159	171	109	152	166	80	50	5	892
43,247	<b>Base as per Budget Setting</b>	<b>7,801</b>	<b>8,363</b>	<b>5,350</b>	<b>7,430</b>	<b>8,140</b>	<b>3,902</b>	<b>2,462</b>	<b>267</b>	<b>43,715</b>
6,758	Less CTRS Band D Equivalent	2,557	1,284	541	343	177	49	17	0	4,968
36,489		<b>5,244</b>	<b>7,079</b>	<b>4,809</b>	<b>7,087</b>	<b>7,963</b>	<b>3,853</b>	<b>2,445</b>	<b>267</b>	<b>38,747</b>

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2015/16 Council Tax income of £46.862m. Inclusion of £0.050m provision for income from prior years' charges and the Council Tax Reduction Scheme payments of £5.485 million, results in a net budget for Council Tax income of £41.427m.

## Council Tax Properties and Council Tax Charges

2014/15 Effective Number of Properties	2014/15 Total Council Tax Charge £		2015/16 Effective Number of Properties	2015/16 Total Council Tax Charge £
11,815	714.67	A	11,944	714.67
10,985	833.78	B	10,972	833.78
6,063	952.89	C	6,141	952.89
7,460	1,072.00	D	7,582	1,072.00
6,726	1,310.22	E	6,796	1,310.22
2,720	1,548.44	F	2,757	1,548.44
1,471	1,786.67	G	1,507	1,786.67
130	2,144.00	H	136	2,144.00
47,370			<b>47,835</b>	

**Non-Domestic Rates Income Account**

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

2014/15 £000		2015/16 £000
37,191	<b>Gross Rates Levied &amp; Contributions in Lieu</b>	37,647
(9,748)	Reliefs & Other Deductions	(10,362)
(20)	Payment of Interest	0
(131)	Write-offs of uncollectable debts & allowances for impairment	(13)
27,292	<b>Net Non-Domestic Rate Income</b>	<b>27,272</b>
(771)	Adjustment to previous years' National Non-Domestic Rates	(446)
26,521	<b>Contribution to Non-Domestic Rate Pool</b>	<b>26,826</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.

2014/15 £000		2015/16 £000
28,033	Distribution from Non-Domestic Rate Pool	30,792
28,033	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	<b>30,792</b>

The 2015/16 rate poundage which is set nationally was 48p with a large business supplement of 1.3p (rateable value in excess of £35,000).

## Rateable Subjects and Values (1 April 2015)

Rateable Value as at 1 April 2014 £000	No of properties	Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2015 £000
17,080	1,147	Shops	1,145	17,163
1,404	97	Public Houses	95	1,387
5,254	500	Offices including banks	492	5,382
1,479	61	Hotels etc	62	1,500
20,607	1,133	Industrial Subjects etc	1,126	20,793
3,607	411	Leisure, Entertainment, Caravans etc	411	3,645
1,321	116	Garages and Petrol Stations	113	1,294
475	57	Cultural	57	477
493	161	Sporting Subjects	162	493
8,427	93	Education and Training	91	8,345
6,881	335	Public Service Subjects	333	6,904
120	15	Communications (Non Formula)	14	120
530	21	Quarries Mines etc	21	551
962	174	Religious	173	957
5,679	129	Health & Medical Care	129	5,667
2,450	343	Other	357	2,353
76,769	4,793	Total	<b>4,781</b>	<b>77,031</b>

**Charitable Trusts**

The Council acts as sole trustee for a total of 58 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 2016.

**Income and Expenditure Account for the year ended 31 March 2016**

	2015/16			2014/15
	OSCR Registered £000	Other £000	Total £000	£000
<b>Expenditure</b>				
Beneficiaries	29	2	31	28
Administration	12	1	13	20
<b>Total Expenditure</b>	<b>41</b>	<b>3</b>	<b>44</b>	<b>48</b>
<b>Income</b>				
Rents, feu duties, dividends and interest	(51)	0	(51)	(56)
Loans Fund interest	(4)	(1)	(5)	(6)
<b>Total Income</b>	<b>(55)</b>	<b>(1)</b>	<b>(56)</b>	<b>(62)</b>
<b>(Surplus)/Deficit</b>	<b>(14)</b>	<b>2</b>	<b>(12)</b>	<b>(14)</b>

**Balance Sheet as at 31 March 2016**

	2015/16			2014/15
	OSCR Registered £000	Other £000	Total £000	£000
<b>Non Current Assets</b>				
Heritable Property	0	2	2	2
<b>Total Non Current Assets</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Long Term Investments</b>	<b>1,191</b>	<b>0</b>	<b>1,191</b>	<b>1,261</b>
<b>Current Assets</b>				
Debtors	10	1	11	23
Short Term Investments	29	0	29	27
Revenue Advances to Loans Fund	739	216	955	906
<b>Total Current Assets</b>	<b>778</b>	<b>217</b>	<b>995</b>	<b>956</b>
<b>Current Liabilities</b>				
Creditors and accruals	0	0	0	(1)
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
<b>Working Capital</b>	<b>778</b>	<b>217</b>	<b>995</b>	<b>955</b>
<b>Total Net Assets</b>	<b>1,969</b>	<b>219</b>	<b>2,188</b>	<b>2,218</b>
<b>Reserves</b>				
Revenue Account	77	111	188	176
Capital Account	1,892	108	2,000	2,042
<b>Total Reserves</b>	<b>1,969</b>	<b>219</b>	<b>2,188</b>	<b>2,218</b>

The accounts were issued for audit on the 29 June 2016 and the audited accounts were authorised for issue by the Head of Corporate Improvement and Finance on the 27 September 2016.

Ian Lorimer CPFA  
Head of Corporate Improvement and Finance  
27 September 2016



**Notes - Principal Trust Funds**

Balance at 31/3/16 Capital £000	Balance at 31/3/16 Revenue £000	Charity	Area Covered
67	6	ACCT – Ward 1	Kirriemuir and Dean
147	13	ACCT – Ward 2	Brechin and Edzell
67	2	ACCT – Ward 3	Forfar and District
12	3	ACCT – Ward 4	Monifieth and Sidlaw
65	7	ACCT – Ward 5	Carnoustie and District
60	5	ACCT – Ward 6 & 7	Arbroath East & Lunan and West Letham
117	3	ACCT – Ward 8	Montrose and District
80	4	ACCT – Angus Wide	Angus Wide
1,276	34	Strang Mortification	Forfar

**Capital Reserves**

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

	Balance at 1/4/15 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/3/16 £000
Movement during year	2,042	(36)	54	(60)	2,000

**Nature of Assets and Liabilities**

2014/15 £000	Summary and Nature of Assets and Liabilities	2015/16 £000
2	Non-Current Assets – Heritable Property	2
	Long Term Investments:	
50	Government Securities	24
1,211	Managed Funds	1,167
956	Current Assets *	995
2,219	<b>Total Gross Assets</b>	<b>2,188</b>
1	Current Liabilities **	0
1	<b>Total Gross Liabilities</b>	0
2,218	<b>Total Net Assets</b>	<b>2,188</b>

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

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

**Registered Charities**

Of the 58 Charitable Trusts and Endowments the Council is Trustee for, 2 are registered charities and require to be administered in line with the requirements of the Office of the Scottish Charities Regulator (OSCR). These are Angus Council Charitable Trust (SC044695) and Strang's Mortification (SC018687).

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

**Financial Instruments**

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

**Charities Reorganisation Proposals**

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

**Audit Arrangements**

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

**Common Good**

The Common Good is administered by local authorities in Scotland. It is vested in the local authority. In Angus the Council administers the Common Good Account for five towns within the district. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2016.

**Income and Expenditure Account for the year ended 31 March 2016**

Actual 2014/15 £000		Actual 2015/16 £000	Budget 2015/16 £000
	<b>Expenditure</b>		
20	Property Costs	22	29
4	Supplies and Services	3	21
32	Central Support Services Charges	25	33
186	Projects	554	722
22	Loan Interest Payable	22	22
134	Depreciation & Impairment	206	206
398	<b>Total Expenditure</b>	<b>832</b>	<b>1,033</b>
	<b>Income</b>		
(303)	Fees, Charges etc	(298)	(291)
(21)	Interest on Loan	(20)	(21)
(1)	Other Income	(4)	(1)
(325)	<b>Total Income</b>	<b>(322)</b>	<b>(313)</b>
73	<b>Net (Surplus)/Deficit</b>	<b>510</b>	<b>720</b>

**Balance Sheet as at 31 March 2016**

2014/15 £000		2015/16 £000
	<b>Non Current Assets</b>	
5,614	Heritable Property (less Depreciation), Other Assets	5,246
5,614	<b>Total Non Current Assets</b>	<b>5,246</b>
10	Long Term Debtors	5
	<b>Current Assets</b>	
5	Debtors	5
3,254	Revenue Advances to Loans Fund	2,960
3,259	<b>Total Current Assets</b>	<b>2,965</b>
	<b>Current Liabilities</b>	
(22)	Creditors and Accruals	(24)
(22)	<b>Total Current Liabilities</b>	<b>(24)</b>
3,237	<b>Working Capital</b>	<b>2,941</b>
(408)	Long Term Creditor	(385)
8,453	<b>Total Net Assets</b>	<b>7,807</b>
	<b>Usable Reserves</b>	
2,511	Revenue Cash	2,207
758	Capital Cash	763
	<b>Unusable Reserves</b>	
2,456	Revaluation Reserve Account	2,187
2,728	Capital Adjustment Account	2,650
8,453	<b>Total Reserves</b>	<b>7,807</b>

The accounts were issued for audit on the 29 June 2016 and the audited accounts were authorised for issue by the Head of Corporate Improvement and Finance on the 27 September 2016.

Ian Lorimer CPFA  
Head of Corporate Improvement and Finance  
27 September 2016

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

	Revenue Cash at 31/3/15 £000	Income £000	Expenditure £000	Balance at 31/3/16 £000
Arbroath	652	92	(112)	632
Brechin	604	71	(117)	558
Forfar	839	93	(331)	601
Kirriemuir	7	0	0	7
Montrose	409	66	(66)	409
<b>TOTAL</b>	<b>2,511</b>	<b>322</b>	<b>(626)</b>	<b>2,207</b>

**Capital**

	Capital Cash at 31/3/15 £000	Income £000	Expenditure £000	Balance at 31/3/16 £000
Arbroath	276	5	0	281
Brechin	166	0	0	166
Forfar	202	0	0	202
Kirriemuir	0	0	0	0
Montrose	114	0	0	114
<b>TOTAL</b>	<b>758</b>	<b>5</b>	<b>0</b>	<b>763</b>

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

	Reserve Account Balance at 31/3/15 £000	Movement 2015/16 £000	Reserve Account Balance at 31/3/16 £000
<b>TOTAL</b>	<b>2,728</b>	<b>(78)</b>	<b>2,650</b>

**Revaluation Reserve Account**

	Reserve Account Balance at 31/3/15 £000	Movement 2015/16 £000	Reserve Account Balance at 31/3/16 £000
<b>TOTAL</b>	<b>2,456</b>	<b>(269)</b>	<b>2,187</b>

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2015/16

	(Surplus) Deficit on Inc & Exp Account £000	Adjust for Non Cash Transactions (See Note 3) £000	Adjust for Cash Transactions (See Note 4) £000	Balance Advanced (To)/From Loans Fund £000
Arbroath	117	(97)	0	20
Brechin	72	(26)	0	46
Forfar	261	(24)	0	237
Kirriemuir	0	0	0	0
Montrose	60	(59)	0	1
<b>TOTAL MOVEMENT IN YEAR</b>	<b>510</b>	<b>(206)</b>	<b>0</b>	<b>304</b>
2015/16 Balance b/fwd				(3,254)
Increase/(Decrease) Per Surplus above				304
Debtor Decrease – Montrose				(5)
Capital cash contribution				(5)
<b>Balance as at 31/03/16</b>				<b>(2,960)</b>

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation & impairment	206
<b>Total</b>	<b>206</b>

4. Cash Transactions Adjusted in Note 2 Above

	£000
	0
<b>Total</b>	<b>0</b>

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

I certify that I have audited the financial statements of Angus Council and its group for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and Council - only Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets and Cashflow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate Income Account, Charitable Trusts, Common Good and the related notes. 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 2015/16 (the 2015/16 Code).

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

**Respective responsibilities of the Head of Corporate Improvement and Finance and auditor**

As explained more fully in the Statement of Responsibilities, the Head of Corporate Improvement and Finance is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Corporate Improvement and Finance; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

**Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the Council and its group as at 31 March 2016 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 2015/16 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.

**Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.

Stephen Boyle  
Assistant Director of Audit  
Audit Scotland  
4th Floor South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow G2 1BT

27 September 2016