

AUDITED ACCOUNTS
2021/22



Angus Council – Annual Accounts 2021/22

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Management Commentary

1. Purpose

The Management Commentary explains Angus Council's financial performance for the year ended 31st March 2022. It aims to help people understand what the numbers are and what they tell them with some additional comment. It sets out what the Council is trying to achieve and the broader financial and policy environment in which the Council operates. It outlines the future plans for the Council and the challenges and risks it faces to meet its vision to make Angus a great place to live, work and visit.

Angus Council's financial results are presented in four primary statements (pages 50-53): the Movement in Reserves Statement; the Comprehensive Income and Expenditure Statement; the Balance Sheet and the Cash Flow Statement.

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

2. Introduction and Background

Angus Council is one of 32 Councils in Scotland established in 1996 as part of Local Government reorganisation. The Council covers an area of around 840 square miles, and has 28 elected Members serving a population of approximately 116,000. A coalition Administration was formed at the statutory meeting of Angus Council on 16th May 2017 which remained in place during 2021/22. Local government elections in May 2022 saw a change in the Council Administration. Full details of the elected members of Angus Council can be found at https://www.angus.gov.uk/council_and_democracy.

Fig. 1 The County of Angus



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

3. Our role

Traditionally, councils have been the direct and often sole provider of a very broad range of services. However, due to financial pressures and changing expectations from the public we serve, we can no longer do that. In the coming years we will be working more alongside our partners to focus our resources on efficiently targeting the areas of greatest need and creating the best outcomes for the people of Angus with the resources we have. When planning services, we will consider how they are provided and who can offer the best value – that may or may not be the council.

The council will continue to have a key role in determining priorities and policy. We will continue to lead and co-ordinate partnership working; we will commission services; we will continue to support and enable communities. All of this will be achieved with a much clearer focus on outcomes, quality and sustainability. The Council's role is likely to continue to evolve as a consequence of the COVID-19 pandemic and other challenges such as climate change.

4. Continued Impact of Coronavirus (COVID-19)

Background

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

Principal Funding and Spend 2021/22

As a result of the continued uncertainty the on-going Pandemic would have on the Council's budget for 2021/22, report 68/21 to the Special Meeting of Angus Council on 4 March 2021 approved the revenue and capital budgets for the 2021/22 financial year, excluding potential costs and funding associated with COVID-19. It was agreed that, if necessary, budget revisions would be undertaken during 2021/22 once there was sufficient information and clarity to adjust budgets with confidence.

Report 72/21 (Angus Council 4 March 2021) “COVID-19 Budget implications and Potential use of Scottish Government Fiscal Flexibilities” and report 213/21 (Angus Council 24 June 2021) “Proposed Revisions to the Council's 2021/22 General Fund Revenue Budget”, advised members of the need to plan for the medium-term implications arising from the COVID-19 pandemic.

The initial revision to the Council's 2021/22 General Fund Revenue Budget is detailed in Report 213/21 and these were the budgets that each Council Services were working to throughout 2021/22 and are included in the Income and Expenditure Statement. These figures were the original projections based on our best estimates of costs and income with further revisions being proposed and approved through reports 285/21 “Budget Strategy Update and Use of COVID-19 Funding – initial proposals” and 341/21 “Proposed Use of COVID-19 Funding – Tranche 2”. Both reports allowed Services to submit bids for funding set aside for COVID-19 response, recovery and renewal. Any revisions made to Service budgets from these approved bids have also been included in the monitoring budgets for 2021/22 and are included in the Income and Expenditure Statement.

Agency Funding & Payments to Angus Businesses/Individuals 2021/22

In addition to the COVID-19 related costs and funding detailed in the reports mentioned above there continued to be costs and associated funding which have not been recognised in the Council's accounts in accordance with national accounting guidance and the assessment of principal/agency arrangements. The Council continued to receive funding where the Council acted as an agent on behalf of the Scottish Government and distributed different types of grants to businesses/individuals across Angus to assist with their sustainability/survival through the Coronavirus Protective Measures, further temporary restrictions, self-isolation and latterly economic recovery. The total amount of agency grant distributed in 2021/22 by the Council was approximately £16m (£34 million in 2020/21), with the most significant grants shown below.

Fig 2

Type of Grant	Primary Use of Funding	£m
Strategic Framework Business Fund – Transaction and Business Restart Grants	One-off grant support to further help those businesses, impacted by Coronavirus Protective Measures.	8.217
Care Home £500 Payments	Payment to third, voluntary, charitable and private section social care providers for the £500 thank you payment for their staff	3.315
Low Impact Pandemic Support	The Pandemic Support Payments comprise two key elements, firstly two £100 Family Pandemic Payments for school age children and young people from low income households, and secondly, a £130 payment for households in receipt of Council Tax Reduction and for agreed households who are exempt or who have no liability for Council Tax.	1.166
Top-up Hospitality Funding	Support scheme for Eligible Businesses designed to mitigate the ongoing COVID-19 with effect from December 2021	1.117
Scottish Child Payment Bridging Payments	Bringing together the COVID hardship payments and the Family Pandemic Payment into one payment made 4 times a year.	1.075
Other Payments	Other	1.110
	TOTAL	16.000

Other Agency Services

The Council has an agreement with Scottish Water whereby it collects water and waste charges in conjunction with the collection of Council Tax. This is based on nationally agreed regulations.

Impact on 2022/23 Budget

COVID-19 continues to have a significant impact on the Council and its operations. The Council will continue through the recovery and renewal phase during 2022/23. As in previous years, the Council set a 2022/23 budget in March 2022 excluding any costs associated with COVID-19 to allow more time for the financial impact and national funding streams to be considered.

5. The Council Plan 2022-2025

We want Angus to be a great place to live, work and visit and our Council Plan explains how we intend to make that ambition a reality. It starts with our values.

5.1 Our Values

Our organisation's values are important as they give a picture of how we undertake our work. Our values were identified through a variety of workshops, focussed sessions and surveys with our staff. This helped us understand behaviours and attitudes necessary to deliver on our aspirations for and with the people of Angus.

Our activities identified the following clear themes:

- **Focus on People** - Continuing to care for our people (both citizens and colleagues) and acknowledging our core role is to serve.
- **Collaboration** - Working more collaboratively across the organisation and with partners to best serve the public.
- **Integrity** - Developing our culture of honesty and integrity to build trust.
- **Respect** - Demonstrating and operating with respect for others.
- **Fairness** - Treating people fairly and with equity.

The focus has now moved to embedding these values across the organisation in everything we do. Over the past couple of years, our performance review process has been revised to be values focussed. Our staff recognition event also now recognises individuals and teams that consistently live the values through their work. Over the coming year further work is planned to ensure our values are a key component of our recruitment process, induction and learning and development programme.

The Council agreed an updated Council Plan, [report 55/22](#), in March 2022 alongside a Finance & Change Plan and Workforce Plan. The updated Council Plan reaffirmed our commitment to our four strategic priorities of “economy, people, place and our Council” which we continued to work towards during 2021/22 and against which we will measure our outcomes in future:-

5.2 Priority 1- Economy

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

To do this we will:

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

Fig 3: Performance: The indicators below set out our actual performance and future targets

Council Plan Indicators	18/19	19/20	20/21	21/22	Target (21/22)	
1. The percentage of people employed in Angus [Employment rate as a percentage of people in employment in Angus]	76.3%	77.1%	72.3%	74.3% (to Q3)	78%	
2. Wage levels of those people living in Angus and those commuting into the area [Median gross weekly earnings]	Workplace based	£499.20	£489.60	£539.60* (2020)	£590.30 (2021)	£518.30
	Residence based	£544.00	£549.90	£575.30*	£614.60 (2021)	£550.00
3. The productivity of the workforce [Gross Value Added per head of population for region]	£20,514	£21,338	NA	NA	£27,391	
4. The percentage of new businesses that survive beyond three years	66%	58%	59%	NA	66%	
5. The economic impact of tourism in Angus	£240m	£240.5m	£95.9m	£177.7m	No target in 2021/22 due to impact of COVID-19 on sector	
6. New businesses coming into the area [The percentage of Employment land take-up during the reporting year in hectares]	10.7%	1.8%	1.3%	15%Note	Due to change in methodology the data is unreliable and will be revised for future years	

7. The percentage of premises able to access broadband speeds of at least 24 megabits per second	88.1%	89.0%	92.0%	NA	100.00%
8. The percentage of Angus Council's procurement spend with local small and medium sized companies (SMEs)	36.6%	24.4%	26.1%	34.5%	44.36%

Indicator 1

The performance data available shows the impact of COVID-19 on the Angus economy. This is most clearly seen in the percentage of people in employment and the economic impact of tourism which is interlinked (see note 5 below) but which shows recovery in 2021. Before the pandemic, the trends of both were increasing year on year as the marketing effort, number and quality of Angus-based attractions increased. The furlough scheme helped to protect jobs across the UK. However, we would anticipate a recovery to pre pandemic levels and the target of 78% being achieved in the financial year 2022/23.

Indicator 2

Wage levels in Angus have significantly outperformed the target set for both work and residence-based employees at £590.30 and £614.60 in 21/22 respectively. These figures are particularly important as Angus has historically had a low wage economy and this data shows the impact from investing in and supporting business growth across the technical and manufacturing sector in Angus such as the offshore wind developments.

Indicator 3

Figures unavailable to provide trend analysis

Indicator 4

The percentage of new business surviving beyond three years remains high despite the pandemic. However, it falls short of the target of 66%. Business survival rate is a key measure of how the economy is performing over time and we will be re-focusing our efforts through our Business Gateway contract to understand the challenges and support the longer-term sustainability of new business growth in Angus.

Indicator 5

Clearly the impact of the pandemic has had a significant impact on tourism on a worldwide basis and Angus is no different. The AIG Women's Open Golf Championship went ahead in Carnoustie in August 2021, but with reduced capacity due to COVID-19 restrictions in place at the time. However, this event did still have a positive impact according to a study by Abertay University available on this link: [Impact of Women's Golf Open](#)

Indicator 6

This indicator has become an unreliable measure of entrepreneurship, business start-ups and new businesses coming into the area. The figures here show land for development and as the Angus business property portfolio has expanded and matured, the figure for immediately available employment land is misleading as a measure of business development. There is now a supply of existing industrial units from public/private sector providers in which companies can relocate or start, without impacting on employment land figures owned by Angus Council. This has been resolved for future years as part of the PLED work and a better statistic to measure entrepreneurship is New Business Starts per 10,000 Working Age Population.

Indicator 7

The percentage of premises able to access broadband speeds of at least 24 megabits per second is steadily increasing. Recent investment through the local full fibre network programme (see narrative below) and other government initiatives is beginning to impact with most premises now able to access broadband. The more rural communities are seeing investment in mobile technology through the erection of masts that can be backhauled to a fibre network increasing megabit speed across the county where this is needed.

Indicator 8

The percentage of Angus Council's procurement spend with local small and medium sized companies (SMEs) was 34.51%, which was a 10% increase on the previous year, although still short of the ambitious target. This increase reflects the actions taken to support local companies to tender within the procurement process rules. See Procurement below.

5.3 Priority 2 - People

We want to maximise inclusion and reduce inequalities.

To do this we will:

- Work in partnership to develop trauma informed approaches, creating environments which support compassionate provision of services and encourage people to be kind
- Work collaboratively for and with our citizens to keep them safe in resilient communities;
- Reduce social isolation and loneliness;
- Offer our citizens a range of opportunities to help them achieve their potential and to reduce poverty;
- Continue to respond to Scottish Government and public health guidance to ensure that our early learning and school environments are safe and conducive to high quality learning and teaching
- Enhance our senior phase (S4-S6) offering, leading to varied pathways which support and challenge all our young people;
- Increase the attainment and achievement of our young people, including looked after children

Fig 4: Performance: The indicators below set out our actual performance and future targets

Council Plan Indicators	18/19	19/20	20/21	21/22	Target (21/22)
1. Percentage of school leavers achieving level 4 literacy and numeracy	89.1%	89.1%	90.5%	N/A	See Narrative Below
2. Percentage of school leavers achieving level 5 literacy and numeracy	65.3%	67.7%	70.3%	NA	
3. Percentage of school leavers entering a positive destination (a job, college or apprenticeship)	95.6%	93.7%	95.7	NA	
4. Percentage of school leavers achieving 5 or more awards at Level 5	61.7%	64.4%	71.6%	NA	
5. Percentage of school leavers achieving 3 or more awards at Level	46.4%	49.1%	55.6%	NA	
6. Percentage of looked after children in Angus	81.0%	82.0%	79.0%	77.4% as at July 2021	85%
7. Number of children on the child protection register	64	45	36	50	See narrative below
8. Percentage of children living in poverty	23.3%	24.0%	20.6%	NA	20.0%
9. Percentage of children accessing funded entitlement to early learning & childcare	NA	92.0%	94.0%	97.0%	95.0%
10. Rates of reconviction	24	24.5	NA	NA	20.0%
11. Percentage of anti-social behaviour complaints resolved	98%	98%	90%	91%	100.0%

Indicators 1-5

The data provided for these indicators is drawn from Insight, the national attainment benchmarking tool. An initial update to Insight will be made in September 2022, and again in February 2023.

The period covered by these statistics means that the results will be affected by the COVID-19 pandemic. In particular, the cancellation of exams and external assessment of coursework in 2020, and

the use of the Alternative Certification Model in 2021, will have affected the attainment of many 2020/21 school leavers. It is also likely that the pandemic will have continued to affect the destination choices made by, and opportunities available to, some school leavers in 2020/21.

The impacts of these different approaches to certification upon school leaver attainment means that care should be taken when making comparisons over time. The attainment data provides an accurate reflection of the attainment with which school leavers in Scotland left school; for this reason, attainment data for 2020/21, 2019/20 and previous years are presented together.

In addition to this, levels of attainment by 2020/21 school leavers are also likely to have been affected by any changes to pupils' decisions on staying on at school related to the pandemic. The relative size and make-up of the 2019/20 school leaver cohort indicated that fewer S4 or S5 pupils left school in 2019/20 than might have been expected. These pupils, many of whom are likely to have instead left in 2020/21, will have had opportunities to gain more qualifications, and/or to gain qualifications at a higher level, than had they left at the end of the 2019/20 academic year. This is likely to have affected the total number of passes, and the highest level of qualification, attained by some school leavers in 2020/21.

Care must therefore be taken when comparing the attainment of 2020/21 school leavers with that of 2019/20 school leavers and when comparing these years to the attainment of earlier school leaver cohorts. Any changes between the attainment levels of the 2020/21 cohort, the 2019/20 cohort and those of previous years should not be seen as an indication that performance has improved or worsened, without further evidence.

As part of the [Scottish Attainment Challenge](#), the Scottish Government has set out its core stretch aim measures, which all local authorities are expected to report on. Future performance reporting for Education and Lifelong Learning will focus on these measures.

Indicators 6 and 7

Keeping children living at home where it is safe to do so, is a top priority for Children, Family and Justice Services working closely with our partners. Where children cannot live at home with immediate family, kinship or foster care within Angus is preferred where that is assessed as meeting a child's needs safely. The numbers of looked after children in Angus has remained stable, however the overall number of children who require to be looked after away from home as a proportion of our total number, has increased. The demand for care placements to meet the needs of children, including children's individual needs, the need to keep siblings together and an overall reduction in the number of families willing to offer either interim or permanent foster care has meant that more children have been placed outwith Angus. We have taken many steps to reduce the need to place children and ensure that when this is the case, there is increased review of the placement. We have continued to invest and innovate in the recruitment of foster carers with highly visible campaigns. We have seen growth in the number of people coming forward to offer short breaks which is positive but continue to have need for carers in a position to offer longer term care and to care for family groups of children together.

The council has continued the weekly data report and analysis that we started during the COVID-19 pandemic to ensure senior management oversight of the increasing number of children on the child protection register and the associated risks. The number of children on the child protection register was 50 as of 31 March 2022. There is regular movement on and off the register as part of the council's child protection procedures.

Taking this indicator together with our core performance data such as weekly social work referrals and children coming into care, gives us a greater understanding of the needs of families. Domestic abuse continues to be a significant risk factor for women and children; we are also observing data on mental health and wellbeing concerns for young people.

Indicator 8

Data on the number of children living in poverty shows a fall of 789 to 3,809 (20.6%) in 2020/21 from 4,598 (24.05%) in 2019/20. Benefits increases of 1.7% and a £20 benefit uplift at the start of the pandemic in March 2020 combined with falling inflation, at or below 1% from April 2020 to March 2021, acted to reduce child poverty. Lockdowns and restrictions also reduced spending and led to forced saving. Although data for 2021/22 it is not yet available evidence suggests this will increase significantly. However there has been a sustained approach to tackling and reducing poverty for families and their children. This includes improving access to employment. There was a strong partnership approach to supporting those shielding and those who were unable to work due to COVID-19 isolation rules, leading to support grants, food aid and other services. The work we have been progressing through our community planning partnership has seen women and families supported with food, grants, clothing, and holiday activities amongst a more sustained review of how families are supported by partners.

Indicator 9

The percentage of children accessing funded early learning and childcare (ELC) provision continues to increase. Angus Council offers ELC placements through a range of models, working in partnership with schools, childminders, and private and voluntary providers. A small number of two-year-olds are also eligible to access a funded ELC place. Uptake of this offer has also increased in the past year. It should be noted that the uptake values stated are based on a comparison with the estimated population of three-and-four-year-olds in Angus. This data is drawn from National Records Scotland.

Indicator 10

It is difficult to establish exact comparisons due to restructuring of the Scottish Court Service (approximate areas are based on where the courts of the offenders' index convictions are located, including high courts. Therefore, some sheriff court boundaries include grouping more than one local authority area together, meaning that there are 25 groups of local authorities rather than all 32 being displayed separately). This makes it difficult to compare with our benchmarking authorities. However, Angus is reported as having a lower reconviction rate than Scotland 24.5 compared to 28.3 nationally and a lower average number of reconvictions 0.42 compared to 0.50. These figures also relate to 2018/19 so are pre pandemic.

Indicator 11

This indicator has been seriously impacted by the pandemic and inability for officers and/or Police Scotland to visit homeowners and properties in the same way they had previously. Most complaints relate to our housing tenants and noise complaints top that list. Now that we can enter households again, we would anticipate that we return to the previous high percentage of complaints resolved.

5.4 Priority 3 - Place

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

To do this we will:

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

Fig 5: Performance: The indicators below set out our actual performance and future targets

Council Plan Indicators		18/19	19/20	20/21	21/22	Target (21/22)
1. Percentage of household waste that goes to recycling		54.7%	59.1%	57.9%	NA	58.0%
2. Percentage of adults stating their neighbourhood is a good place to live		96.0%	94.0%	*NA	*NA	95.0%
3. Percentage of households experiencing fuel poverty		20.0%	20.0%	22.0%	40% est see Note	15%
4. How clean are our streets [LEAMS (Local Environmental Audit & Management System) Street cleanliness score]		92.9	92.0	95.2	97.0	95.0
5. Number of homeless presentations		707	661	484	502	565
6. Percentage of council tenancies sustained for 12 months		84.8%	87.1%	88.5%	88.2%	91.5%
7. Maintenance of our roads [Percentage of A, B, C class roads that are considered for maintenance]	Percentage of A class roads	26.5%	28.6%	26.3%	25.0%	33.0%
	Percentage of B class roads	37.4%	37.9%	37.3%	37.5%	40.0%
	Percentage of C class roads	31.5%	30.1%	27.9%	27.2%	32.0%
8. Number of affordable homes delivered		128	92	141	159	120
9. Percentage of adults satisfied with parks and open spaces		86.2%	87.2%	*NA	*NA	85.0%

- NA – data is not yet available as Information from Scottish Household Survey is not available for local authorities in 2020/21 and is not yet available for 2021/22 due to COVID-19

Indicator 1

Angus Council was the top performing local authority in Scotland for recycling in 2021. Of the 52,166 tonnes of household waste generated during 2020 in Angus, 30,226 tonnes were recycled, a massive 57.9%. This may be in part due to the seamless continuation of household collections throughout the pandemic, a remarkable achievement that did not go unappreciated by the residents of Angus.

Indicator 2

There is a consistent trend of people thinking their neighbourhood is a good place to live in Angus, albeit the survey was not undertaken by independent surveyors over the last two years due to Covid. It is anticipated that a further survey will be undertaken over the next year to determine if our target has been met. Clearly the rural nature of Angus will have an impact on how people experienced the lockdowns the country faced and may impact on the % satisfaction levels.

Indicator 3

The most recent data is not available for this indicator however an estimate of 40% of households are now faced with fuel poverty meaning they must spend at least 10% of their income meeting fuel costs. Clearly worldwide impacts on the costs of oil and gas has meant that fuel poverty has risen around the world. The impact in Angus is significant and continued efforts are being made to support families most impacted. We are improving the energy efficiency of our council housing stock by investing heavily in external insulation and photovoltaics so that we mitigate the worst effects of the energy crisis for our tenants, and we are supporting renewable energy developments off the Angus coastline.

Indicator 4

The target was exceeded for 20/21 and again in 21/22, but again this will be reflected in the pandemic and the reduced footfall on our streets. The independent survey by Zero Waste Scotland has highlighted discarded cigarette butts and some weed growth as being the key issues for Angus, however a review of bin placements together with an 'any bin will do' campaign is beginning to have a real impact on reducing littering and dog fouling.

Indicator 5

The number of homeless presentations continue to be of concern in Angus. While the numbers have decreased, there was a slight upward trend over the last six months. A review of homeless provision has been undertaken and this service is moving to the AH&SCP (Angus Health and Social Care Partnership) to lead to help the people and families most vulnerable to homelessness either through alcohol or drug use or mental health needs, albeit not exclusively these areas. The impact of the humanitarian need in relation to refugees has a bearing on the availability of properties available and work is ongoing to assess properties both within Angus Council and with the private sector to ensure that families can be supported.

Indicator 6

The target set has been missed over the last year, but the commitment to support people to maintain their tenancy remains. Evictions were suspended during the pandemic and provision to support people to manage their finance and debt has been put in place.

Indicator 7

All the targets set for class A, B and C roads have been missed as work was suspended during lockdown periods. However, the council has set aside additional resources in its 2022/23 budget to help tackle a backlog of issues.

Indicator 8

The number of affordable homes delivered has exceeded the target set with new homes becoming available in Montrose, Forfar, Monifieth, Friockheim and Arbroath over the last year. Improving Council housing stock has long been an ambition for Angus Council since the right to buy legislation was repealed and work alongside other housing association providers and developers has meant that a sustained increase has been able to be delivered.

Indicator 9

The data to establish the number of adults satisfied with their parks and open spaces has not been available for the past two years. Related council services have however continued over the reporting period, and it is anticipated previous positive data trends will continue once this information is available.

5.5 Priority 4 - Our Council

We want Angus Council to be efficient and effective.

To do this we will:

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

Fig 6: Performance: The indicators below set out our actual performance and future targets

Council Plan Indicators		18/19	19/20	20/21	21/22	Target (21/22)
1.Equalities and diversity – our gender pay gap as a percentage of the workforce		-1.6%	-0.8%	-2.1%	-1.8%NA	0.00%
2.Reducing the number of council buildings (number of council buildings as a percentage of the number of council buildings in 2005)		75.9%	73.8%	74.4%	71.8%	65.0%
3.Access to our website [Readability figures for website]		62.3%	NA	96.7%	NA	100.0%
4.No. of ACCESS Line enquiries		3,798	4,879	2,407	4,072 as of Feb 22	900
5.Number of social media followers/engagement rates with Angus Council		NA	4,209,721	5,169,852	10,208,500	5,000,000
6.Health and safety – a reduction in the number of reported accidents/incidents		NA	571	319	395	0
7.Access to digital services via Digital Certainty Index		81.2%	93.5%	85.6%	91.0%	100.00%
8.Number of fraud investigations and levels recovered in £'s	No. of fraud Investigations	147	357	325	595	420
	£ recovered due to fraud investigations	£108,428	£151,587	£66,357	£37,123	£120,000
9.Percentage of our Change Programme savings targets we have achieved		93.5%	97.6%	94.9%	85.9%	100.00%

Indicator 1

Angus Council offers equal opportunities to all. The balance of the gender pay gap has shifted in favour of women over recent years but has stabilised in 2021/22 to hit the target of 0 (50/50 balance).

Indicator 2

We have been steadily reducing the council's footprint of buildings aligned to our agile programme and there are plans in place to reduce these further over time. Some of the property has been sold, some transferred to community ownership, and some rented out to the private sector. This balanced approach ensures that Angus Council obtains the best value when divesting assets.

Indicator 3

www.angus.gov.uk is Angus Council's key platform for accessing information from the council, be it information around elected members, committees or services. In 2021 there were 2,961,869 visits to the council website, an increase of 30% from 2020. The average number of pages viewed per visit fell from three in 2020 to two in 2021. This fall can in part be attributed to improvements to site search and navigation. These improvements have enabled users to find the information they need more quickly and easily, without having to navigate their way through multiple pages. It is also a portal for many digital processes by which citizens can 'self-serve' 24/7/365. It is therefore essential that the website is as accessible as possible, both in visual presentation (high contrast, sans serif fonts) and content (simple language, no jargon). Given the size and frequency of the website, keeping all content accessible, achieving 100% target will remain challenging.

Indicator 4

The number of ACCESSLine enquiries consistently breaches the target set. The target is low because when services are delivered well, issues dealt with promptly and resolved first time, there should be fewer reasons to call. A low target also indicates a successful transition to becoming a more digitally accessible organisation with easy access to services digitally (see point above). Further efforts are now needed to drive down figures by increasing the number of digital services for people to access.

Indicator 5

The engagement rates with Angus Council's social media grew rapidly at the start of the pandemic as citizens came to the council for vital information on service delivery, such as school closures, the creation of childcare hubs, testing protocols, grants, support payments, shielding advice testing venues and then the vaccination programme. Similarly, the storms of November 2021 and February 2022 saw a huge peak in traffic as once more people turned to the council's social media feeds for real time, trusted and valuable information. The degree to which the target has been exceeded clearly demonstrates that the council's social media feeds are a vital tool in

communicating with citizens and they know where to turn when they need help and advice. This target is currently being reviewed.

Indicator 6

We have seen an increase in the number of health and safety incidents reported. However, this is due to the introduction of a new reporting system and training for staff as to how incidents should be recorded. While the rise in incidents is not the trend we would like to see, the improved reporting is essential to get to a more realistic baseline position and can also support learning which will prevent more serious incidents from occurring.

Indicator 7

The Digital Certainty Index (DCI) measures the quality and potential impact of our website's digital presence, including its accessibility and usability, its credibility and trustworthiness, and how well it can be found by search engines. The number represents levels of accessibility, quality assurance, and search engine optimisation (SEO).

Indicator 8

Although the target has been exceeded, in this instance this is a negative position as more fraud has been found to have occurred. However, our detection rates are impressive and ensures that we are recovering not just cash, but also property. The fact that millions of pounds of additional COVID-19 grants being processed on behalf of Scottish Government has not resulted in an even higher figure, gives assurance that funds were directed to the right people and businesses in the right way.

Indicator 9

COVID-19 impacted most services provided by Angus Council and our change programme is no exception. With the focus on delivering emergency services, the resources available to deliver the programme was reduced and as a result the level of savings achieved were lower than previous years' results. A full review of the programme was undertaken towards the later part of 2021 and early 2022. A revised programme was then agreed by members when the budget was set in March 2022. This work continues at pace to bridge the significant financial gap now faced by Angus Council.

5.6 Strategy on a Page (SOAP)

The introduction of a Strategy on a Page summary of the Council's overall purpose in 2021 has helped provide focus and prioritise work across Angus. This was co-produced with Angus Council employees and targets activity around four themes – what we want to Eliminate; what we want to Reduce; what we want to Raise and what we want to Create. Our ambitions under these four themes are as follows:-

Eliminate –

Child Poverty

Eliminate child poverty through work with partners & business to intervene early, create economic opportunity, while also reducing costs and increasing income for people.

Barriers to Access

Eliminate barriers to accessing the right services at the right time, ensuring the availability of early support for individuals, families and businesses.

Inefficiency

Eliminate inefficiencies within activities, making the best use of resources and technologies, leading to a higher level of consistency and productivity.

Reduce -

Climate Change

Reduce the impact of climate change by being a major contributor to achieving Scotland's national climate change goals, as leaders in clean growth, environmental stewardship and sustainability.

Duplication

Reduce unnecessary duplication and focus on areas of greatest need.

Bureaucracy

Reduce unnecessary bureaucracy wherever it is found, and it is legally permissible to do so.

Raise -

Opportunities for Lifelong Learning

Raise opportunities for lifelong learning for all children, young people, adults, and the workforce, to enable progression in their learning.

Customer Service

Raise the quality of customer service through developing communication channels, underpinned by technology, which continues to provide opportunities for people to engage.

Wellbeing

Raise and promote the wellbeing and safety of communities and the workforce.

Create –

Equity

Create equity by focusing services on those who need them most.

Stronger Partnerships

Create stronger partnerships through collaboration in the planning and delivery of services which benefit the people of Angus. This will include enabling and empowering community leadership.

Inclusive Culture

Create an inclusive culture by trusting and empowering employees, as well as ensure equality in the workforce.

2022 – 2024: SOAP Working Towards Recovery

Our strategic priorities are focused on outcomes. In the 2021/22 performance report there are updates on activities, policy and importantly prioritisation of our resources to respond to the challenges of and changes due to the recovery from COVID-19. As part of this reporting period, we have continued to engage with our staff to consider where we should invest or do more and where we could reduce or stop activities or do them more efficiently. The Strategy on a Page has become a central part of our work for all performance reports. This was reported in the Best Value Audit (See Section 17 below) and has helped to develop new and more efficient service activity underpinned by the service design work.

5.7 Council Performance

The Council Plan, the Finance and Change Plan and the Workforce Plan 2019-2024 were refreshed and approved by Council on 3rd March 2022. The narrative in this section refers to the work required to deliver the Annual Performance report in September 2022 and governance framework linked to this work. This report focuses on the council performance over the period 1 April 2021 to 31 March 2022 (reflecting what was agreed in the Council Plan in March 2021).

As in previous years the Council Plan performance report and community plan performance report were tabled together at full Council together to give a clear picture on the Council and Partnership priorities (report 302/22 refers). This work will also provide a solid foundation for the upcoming review of the Angus Community Plan and new 3 year Council Plan which will be drafted with the new political Administration and published as part of our budget setting plans in February / March 2023.

On an annual basis services are asked for information to populate the Council Plan, Workforce Plan and Finance and Change Plan. Over the past 12 months this process has been streamlined to reduce the impact on staff time. For the 2021/22 Performance report existing data and information will be used and then services will be asked for any additional information to ensure a detailed report is produced. There was also a lot of information gathered as part of our ongoing self-evaluation work leading into the Best Value Audit Report which will provide a baseline for the performance reporting in terms of opportunities, improvement and service delivery post pandemic. Services have already contributed to the performance commentary in the Local Government Benchmarking Framework report that was presented to the Scrutiny & Audit committee on 23 June 2022, [report 164/22](#), and this information will be incorporated into the performance report.

The 2021/22 Performance report refers to the targets agreed within the Council Plan. A few of the Key Council Achievements, which are included in the full report presented to Council in September, are listed below:

5.7.1 Economy

- **Angus is a 'go to' place for business**
- In May 2021, the public got a first look at the new look Hospitalfield House gardens, fernery and glasshouse café in Arbroath. A month later two projects that will bring high-speed broadband to rural areas in both Angus and Perth & Kinross local authority areas were fully approved.
- Investing an additional £2.0m over above the £3.1m allocated in the Council Plan in infrastructure to open the new Zero Four Business Park in Montrose. This will be matched by £1.25m from the Tay Cities Deal Industrial Investment Programme Side Deal. Following the signing of the Minute of Understanding with Crown Estate Scotland, who own the site, the council will help to create a low carbon, clean growth park, which will use green technologies and eco-friendly methods of construction.
- The creation of a Tay Cities team which will now oversee delivery of the Angus elements of the Tay Cities Deal and work with partners across the region. The council will work with partners and stakeholders to help deliver on the Regional Economic Strategy Action Plan, supporting key sectors, providing skills and creating jobs.
- The Mercury Programme is a £1bn partnership between government, public, private and community sectors. The purpose of the Mercury Programme is to "increase productivity through clean growth, protecting places for future generations to live, work and visit."

5.7.2 People

- **We want to maximise inclusion and reduce inequalities.**
- A new build nursery was completed in early 2022 in Letham, supporting our rural areas young people and their families.
- Maximise Angus is a collaboration between the Welfare Rights Team, Education and Lifelong Learning which will run for 2 years from early 2022. This is a test of change project with the aim of embedding Financial Wellbeing/Welfare Rights staff into the school setting. This project focuses on improving uptake of entitlements, providing debt advice and helping families in immediate financial crisis.
- Angus Council was allocated funding to support the implementation of the 'Summer Offer for Children and Young People,' also known as 'Get into Summer' in 2021. The offer of this informal

provision, for some of the most vulnerable families, had a long-lasting positive effect. Relationships between parents and staff were nurtured and as a direct result family engagement with statutory work had a marked improvement. 155 new volunteering and employment opportunities were created over the summer holidays, 17 of which have turned into either full or part-time permanent positions.

5.7.3 Place

- **We want our communities to be strong, resilient and led by citizens.**
- Angus was the top performing local authority in Scotland for recycling in 2021/22. Of the 52,166 tonnes of waste generated by Angus households, 30,226 tonnes were recycled, a massive 57.9%.
- Angus won the COSLA Gold Award for Service Innovation and Improvement, sponsored by Food Standards Scotland for the Four Day Working Week for Waste Services.
- We have stopped installing carbon-based heating systems in our new-build council housing and continue our programme to improve the energy efficiency of our existing council homes, investing an average of £10 million annually to achieve zero carbon by 2045.
- Implementation of the objectives and actions from our Active Travel Strategy and Action Plan approved by committee in February 2020 is underway. This work is done in partnership as part of the Regional Electric Vehicle Strategy published by Tactran.
- The Angus Transport Network has met quarterly throughout this reporting period supporting key issues and providing essential input into the Regional Transport Strategy. Input from businesses, partners and our local charities has been essential.
- Work on the £14m Arbroath Flood Prevention Scheme is underway. The flood scheme will hold water upstream of the town for safe release after flood events. The scheme will remove 530 people and their homes and businesses from their current level of flood risk, preventing flood damage that averages at £840,000 each year.
- The Council has delivered a comprehensive programme of improvements to existing homes over the last five years with a significant focus being to meet the Energy Efficiency Standard for Social Housing (EESH). EESH2 is the next significant milestone for energy efficiency improvements in social housing and will provide a major contribution to improving energy savings and reducing carbon emissions. EESH2 will require all social housing to meet EPC Band B (Energy Efficiency rating), or as energy efficient as practically possible, by the end of December 2032 (within the limits of cost, technology and necessary consent).

Not all improvement works have been focused on energy efficiency, with the kitchen and bathroom replacement programmes progressing. The Bulk Kitchen contract has recently concluded and has completed 238 installs in the last 12 months. A rolling annual programme providing approximately 50 upgrades a year will commence in 2022-23.

The Strategic Housing Investment Plan (SHIP) 2022/23 – 2026/27 was approved in November 2021) and prioritises investment in 228 Council homes over the next five years, this includes the redevelopment of the former Invertay House, Monifieth which was declared surplus by the Council in 2015 and is expected to deliver 34 – 36 new affordable homes.

5.7.4 Our Council

- **We want Angus Council to be efficient and effective.**
- In 2021/22 there were 10,208,500 visits to the council website www.angus.gov.uk, an increase of 95% from 2020/21. The average number of pages viewed per visit fell from three in 2020 to two in 2021. This fall can in part be attributed to improvements to site search and navigation. These improvements have enabled users to find the information they need quickly and easily, without having to navigate their way through multiple pages.
- We have accelerated our digital programme and this year we plan to add a further 40+ “Report It” functions available online. We will continue to work with citizens to co-design digital services following the success of solutions such as enabling looked after children to share their views.
- Decarbonising our Environment (LED Lighting) has delivered lighting with a longer life span and greater energy efficiency than traditional lighting. This 3-year programme has generated total savings of £205k for a limited investment of £45k.
- During 2021 the new Supporting Attendance Policy and Procedure were implemented and both this and the Health and Wellbeing Action Plan will continue to move managers to a proactive approach to managing and supporting health and wellbeing. Managers will access new learning and comprehensive guidance, tools and resources supplemented by new accessible learning options

6. Finance & Change Plan

At its 2021/22 budget setting meeting in March 2021 the Council agreed a newly combined [Finance & Change Plan](#) which includes a simple guide to how the Council's finances work, the significant financial challenges the Council has dealt with and will face in the future and charts and diagrams which show where the Council spends its money and where that money comes from. It also now contains detailed information on the Council's Change Programme which has already achieved substantial savings through significant improvement to the Council's internal efficiency and this work continues.

7. Our Change Programme

The Finance and Change Plan referred to above explains that although the Council can do more to improve its efficiency, it has already done a huge amount to save taxpayers money and reduce its costs. The Council is still providing all the services required to by law and has managed to save £71.3m (26%) in the last 9 years up to 2021/22. These are substantial changes for any organisation and have been made at a time when the Council has had to take on a number of new duties through new legislation. Most of the budget savings made have been delivered through our Change Programme. Our Change Programme is, however, as much about improving outcomes as it is about budget savings so the Programme is made up of dozens of projects aimed at enabling change, investing in improving outcomes and delivering substantial financial savings

8. A Performance Led Council

The challenges facing the Council are many and varied and mean that we must be clear on our priorities, clear on our current performance and clear on what performance we want to have in future. The Council's Leadership Team supported by leaders and managers across the organisation has therefore put being “a performance led Council” at the centre of our culture and approach. To do this we have developed a Performance-Led Council Programme (PLED) to work with all 23 services on 4 key stages. The main objectives of the programme are to adopt an annual cycle in the following key areas:

- Performance – Improved understanding and use of data, performance indicators, SMART actions, Risks and Performance development reviews. This will provide a more robust and balanced picture of how all services are performing.
- Self-evaluation – Develop an annual cycle of service self-evaluation through the model of How Good Is Our Council (HGIOC) that will feed into corporate priorities to be taken forward as part of the council plan.
- Performance management – Improved use of our corporate performance management system, Pentana, to become a transparent and collaborative tool for improvement in, and across our services.
- Big Data – Improved use of big data across all council services to enable advanced statistical analysis and predictive modelling to lead to data driven improvements. This will assist in more integrated performance information.

The programme, which started in October 2019 to address the foundations of PLED through stages 1 and 2, was paused in March 2020 to allow services time, resource and opportunity to deal with the pandemic. This activity was restarted in February 2021, however progress has been relatively slow during 21/22 due to the prioritisation of resources towards COVID and other extreme events/ concurrent risks. The Big Data Strategy undertook a consultation phase during 2021/22 with a detailed two-year project emerging and designed to help meet stages 3 and 4 of the PLED programme. The key workstreams of the project are follows:

- Improved collaboration and productivity between services on data .
- Develop improved infrastructure to increase quality and efficiency of our data and data management.
- Skills and training programme to increase levels of data literacy.
- Improved data analysis and reporting of data through a central data warehouse.

As part of the Performance-Led council programme, services are reviewing their Performance Indicators to ensure they are relevant to their operational and strategic priorities. A key part of this work is to ensure that the council plan performance measures (as shown in sections above) are linked into the sections with SMART actions to evidence how we are improving and why. In addition to this 2021/22 saw the first year where we have introduced targets against the council plan indicators to assist services understand how the actions can lead to better service and overall council performance. This is part of a wider programme of the PLED to increase the use of our data and analytics within services and across the council to help it to drive improvement and better informed, evidence-based decision making.

This will also assist in delivering improved public performance reporting that is reflective of our performance, improvement actions and provides more balanced reflection.

9. Operating Context

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

- **Education & Lifelong Learning** – the education and lifelong learning Directorate is responsible for the provision of early learning and childcare, including that provided in partnership by private and voluntary providers; primary and secondary education; additional support needs; equality and inclusion; school and whole system improvement and school operation;
- **Vibrant Communities & Sustainable Growth** – mainly responsible for waste (waste collection and recycling); planning (applications, building warrants, conservation, environment & development planning); housing (council & social housing, private landlord registration, empty homes, homelessness, supported & sheltered housing); trading standards; parks & cemeteries (ground maintenance, landscaping services, tree management, allotments and burial grounds); environmental health (health & safety, food safety, pollution, animal welfare, pest control); economic development (Tay Cities Deal, land & property, employability & skills and sectoral support); vibrant community development, adult learning and youth work.

- **Children, Families & Justice** – where the main areas of responsibility include statutory children & families services and criminal justice social work;
- **Infrastructure Services** – responsible for roads & transportation (roads, pavements, street lighting, active travel, road safety, public transport, parking, flood & coastal protection) and Property Assets (buildings, estates, energy consumption, housing technical and capital projects);
- **Human Resources, Digital Enablement, Information Technology & Business Support** - covers a number of key support functions which enable service delivery across the Council;
- **Strategic Policy, Transformation & Public Sector Reform** – mainly responsible for strategic policy; risk, resilience & safety; governance & change and internal audit;
- **Finance** - Revenues & Benefits (Council Tax, benefits & money advice, welfare rights); Finance Corporate & Services Support;
- **Legal & Democratic Services** – Legal Services, Procurement, Committee Services, Elected Member Services, and Executive Support, Licensing and Registrars, Digital Reprographics Unit, Facilities Management Services and Elections.

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

- [Angus Health and Social Care Partnership](#) (the Integration Joint Board for the Angus area);
- [ANGUSalive](#);
- [Tayside Contracts Joint Committee](#);
- [Voluntary Action Angus](#).

More information on these partners (and others) can be found in the Group Accounts, pages 103 - 114.

10. Financial Context – How the budgets were set for financial year 2021/22

Angus Council's General Fund (which covers all Council services except Housing) is funded by Revenue & Capital Grant provided by the Scottish Government, council tax income, prudential borrowing for capital purposes only, grants and contributions from external sources, capital receipts and one-off funding from general fund reserves.

Angus Council's general fund revenue and capital budgets for 2021/22 were originally agreed at a special Council meeting on 4 March 2021 Report 68/21.

In order for the Council to set a balanced budget for 2021/22 the budget strategy included Change Programme savings of £5.161 million and £3.982 million of one-off measures from reserves. These are detailed in Report 75/21.

In order to take account of the continued impact COVID-19 was having on the Council's costs and income a revised budget was agreed at a Council meeting on 24 June 2021, report 213/21 refers. This budget was the revised monitoring budget for the financial year 2021/22 and further revisions were made and reported to the Policy & Resources Committee throughout the year in response to changing circumstances caused by the pandemic.

The council's Housing Revenue Account (HRA) is funded mainly by rents from council-owned properties. The revenue and capital budgets for Housing were set at a special meeting of the Communities Committee on 9 February 2021, report 25/21 refers. The Council is required by statute to record the income and expenditure relating to the provision, improvement and management of Council Houses

separately from the General Fund. This can be seen on the Housing Revenue Account statement on page 115.

11. Financial Results

The annual accounts report the financial performance of the Council and their purpose is to demonstrate that the Council has used its public funds to deliver on the Council's vision and strategic objectives. The requirements governing the format and content of the Council's Annual Accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021 code). The 2021/22 Annual Accounts have been prepared in accordance with this Code. A simplified summary of the Council's financial performance for 2021/22 was presented at the meeting of Angus Council on 30 June 2022 and report 179/22 and its appendices are available on the website.

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

The Accounting statements comprise of:

- A movement in reserves statement;
- A comprehensive income and expenditure statement;
- A balance sheet;
- A cash flow statement;
- A variety of Accounting Notes which include a summary of significant accounting policies, analysis of significant figures within the accounting statements and other explanatory information.
- Group Accounts
- Housing Revenue Income and Expenditure Statement
- Council Tax Income Account
- Non-Domestic Rates Income Account
- Charitable Trusts
- Common Good

11.1 What Revenue and Capital Expenditure Covers

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

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

11.2 Revenue Outturn Position

The Comprehensive Income and Expenditure Statement Summary below sets out the cost of running Angus Council Services, Housing Revenue Account and Adult Services (Angus Integration Joint Board) along with the overall revenue outturn position for the financial year from 1 April 2021 to 31 March 2022.

Fig.7 Comprehensive Income and Expenditure Statement (CIES) Summary

	Net Spend £m	Net Budget £m	Variance £m
Education & Lifelong Learning	132.199	140.991	8.792
Communities	29.569	31.867	2.298
Children, Families & Justice	22.833	23.484	0.651
Infrastructure Services	25.268	25.337	0.069
Strategic Policy, Transformation & Public Sector Reform	9.834	9.841	0.007
Human Resources, Digital Enablement, Information Technology & Business Support	9.538	9.825	0.287
Finance	3.776	3.920	0.144
Legal & Democratic Services	3.163	3.446	0.283
Other Services	9.145	11.668	2.523
Facilities Management	2.637	2.959	0.322
Corporate Items	0	3.170	3.170
Tayside Valuation Joint Board	0.800	0.810	0.010
General Fund Net Expenditure	248.762	267.318	18.556
Adult Services	59.868	59.868	0.000
Housing Revenue Account	1.368	2.820	1.452
Net Cost of Service as per CIES	309.998	330.006	20.008
Other operating expenditure/(income)	(0.113)		
Financing & Investment Income & Expenditure	17.876		
Taxation and Non-specific Grant Income	(302.465)		
Deficit on Provision of Services transferred to the General Fund Reserve	25.296		

The table above shows that the overall revenue outturn 2021/22 was a deficit of £25.296 million. After making the required adjustments as shown in the Expenditure Funding Analysis (note 5), along with transfers to and from earmarked reserves (note 6), means an increase of £6.875 million in the General Fund Reserve and a decrease of £1.004 million on the Housing Revenue Account reserve as shown in the Movement in Reserves Statement on page 50.

The table (Fig 7) above also shows that, across all general fund net expenditure budgets, there was a favourable variance against the original budget of £18.556 million. The majority of the variance was known about or planned for during 2021/22 and in setting the 2022/23 budget as part of the Council's proactive financial management arrangements. Also a number of grants were received in 2021/22 but the spend for which will be incurred over a number of years e.g. the early years expansion project. These savings and prepaid grants require to be earmarked and carried forward from 2021/22 to 2022/23.

In broad terms variances within General Fund Services revenue budgets arose due to the following main reasons:-

- a. Slippage within LGE employee costs has returned an additional saving of £1.2 million against the budgeted slippage target, mainly due to recruitment issues which are being identified across a number of service areas. Lower than anticipated permanent teacher numbers has also generated an additional saving of £1.2 million within employee costs;
- b. Slippage in projects and works (£1.8m) – underspends against budgets in these areas arise for a variety of reasons but the non-filling of employee posts is likely to be a factor where services simply haven't had the resource to progress projects in line with expected timelines. A reduction

in payments to third party providers who would have provided some of these services eg Tayside Contracts for School Meals is also a factor.

- c. Planned savings on Scottish Government grant – COVID consequentials (report 285/21 refers) £2.5 million;
- d. Pre-paid grants, due to technical accounting treatment are shown as savings at year end (£8.2 million);
- e. Savings within Capital Charges & Financing (£3.8 million), where decisions were taken to accelerate the Loans Fund repayment policy, generating an additional £2 million of one-off savings and to earmark £1.3 million of savings from CFCR funding for future drawdown;
- f. Additional income arising from profit sharing from the waste incineration plant in Dundee (£1.1 million).

This overall budget saving for 2021/22 needs to be viewed in the context of further savings which have now been removed from Services budgets for 2022/23, along with the planned savings achieved as part of the future years budget and reserves strategies.

Overall Impact on the General Fund Reserve

The actual year end position on the General Fund Reserve was an increase of £6.875 million.

11.3 Capital Outturn Position

Angus Council spent £49.607 million (gross) during the year on various General Fund and Housing capital projects which is detailed in note 27 to the accounts. On a net basis (i.e. after accounting for dedicated capital receipts, grants and contributions), spend during 2021/22 was £37.906 million.

The General Fund capital programme reported net expenditure of £16.219 million against a full year budget of £22.620 million, representing slippage of £6.401 million. The most significant areas of General Fund capital expenditure (on a net basis) undertaken during the year included:

- £1.860 million on the provision of waste related services;
- £1.304 million on the provision, maintenance and upkeep of the council's buildings, property and IT infrastructure;
- £4.067 million on infrastructure works to roads – carriageway and footway reconstructions;
- £6.159 million on flooding / coastal protection related works, including a major flood scheme at Brothock Water, Arbroath;
- £0.414 million on information and communications technology equipment in schools, including digital inclusion for children and young people; and
- £0.498 million on corporate information and communication technology;

The COVID-19 pandemic, together with material and labour supply issues continued to have a significant impact on the capital programme during 2021/22, as highlighted in the slippage that arose across all areas, but particularly within Infrastructure (£3.914 million), Vibrant Communities & Sustainable Growth (£1.193 million) and Education & Lifelong Learning (£0.569 million). Further information on the capital outturn position for 2021/22 can be found in report 179/22 .

More detailed narrative on the council's capital investment plans, treasury management (borrowing and investments), prudential indicators and loans fund liabilities can be found in the Council's Capital Strategy (Report 66/22 and Treasury Management Strategy Statement (report 103/22). The 2021/22 Treasury Management Annual report was presented to the Scrutiny & Audit committee on the 27 October and Angus Council on the 3 November, report 360/22 refers,.

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

Angus Council owns 7,717 properties for which it charges rent.

All expenditure associated with HRA properties must be funded from the rental income generated. Any surplus or deficit at the end of the year is transferred into or out of the Housing Revenue Account (HRA) balances. For 2021/22, the transfer of a net deficit of £1.004m resulted in HRA balances of £4.370m at 31 March 2022.

The Housing Capital Programme reported net expenditure of £21.687m, representing an overspend of £4.112m against a budget of £17.575m. The most significant areas of HRA capital expenditure (on a net basis) undertaken during the year included:

- £7.3m on new council housing provision;
- £1.3m on shared equity properties;
- £0.3m on improvements;
- £0.5m on window replacements;
- £8.1m on energy saving measures;
- £0.2m on sheltered housing;
- £0.8m on kitchen replacements;
- £1.0m on bathroom replacements;
- £0.4m aids and adaptations; and
- £1.6m on LD2 smoke alarm upgrades.

Overspends mainly arose within the programmes for: energy savings (£4.083m); shared equity (£0.738m); and LD2 smoke alarm upgrade (£0.837m) offset by underspends in the heating installations programme (£1.095m); and the improvements programme (£0.322m). The energy savings overspend was a planned acceleration of the programme to help tenants with their fuel bills by improving energy efficiency of their houses, in response to the emerging economic crisis. This is referred to in paragraph 114 in the Best Value Assurance Report.

13. Usable Council Reserves

The Council holds a number of Reserves and those which are classified as "Usable Reserves" for accounting purposes can be used to support service expenditure on a one-off basis. All of the transactions on the General Fund, Housing Revenue Account and capital budgets in 2021/22 affect the Council's reserves as does expenditure met through transfers from the Reserves such as the Renewal and Repairs Fund. The Movement in Reserves Statement shows the balance on the Council's Usable Reserves.

Based on all of the transactions for the 2021/22 financial year, the main usable reserves and their balance at 31 March 2022 are shown below together with the equivalent balances at 31 March 2021.

Fig. 8 Usable Reserves

	Balance As At 31/3/22 £m	Balance As At 31/3/21 £m	Movement £m
General Fund Reserve	56.207	49.332	6.875
Housing Revenue Account	4.370	5.374	(1.004)
Capital Fund	1.645	3.755	(2.110)
Renewal and Repairs Fund	1.498	1.621	(0.123)
Insurance Fund	1.592	1.501	0.091
Usable Capital Receipts	1.343	2.257	(0.914)
Unapplied Capital Grant	1.128	2.612	(1.484)
Total	67.783	66.452	1.331

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

The General Fund Reserve is £56.207 million as of 31 March 2022 and some £49.563 million of this General Fund Reserve is committed as follows:

Fig. 9 General Fund Reserve Commitments

	£m
Working Balance/Contingency (per existing policy)	4.700
Applied in 2022/23 Budget Setting	6.185
Future years reserve strategy	3.000
2021/22 COVID-19 Response (285/21)	2.500
Severance Costs	1.047
Provision for Participatory Budgeting	0.262
Saving on debt charges to be applied to future CFCR in the 2021/26 capital plan agreed per report 68/22	2.325
Change Fund (committee report 83/14 refers)	0.673
Tay Cities Deal Fund	0.348
Investment Projects (approved as part of 2019/20 budget setting)	0.234
Service Developments (approved as part of 2020/21 budget setting)	0.608
Prior Year 100 % Carry forward Requests	3.040
Ringfenced Grants received in 2021/22 that need to be earmarked for future drawdown as per accounting regulations	6.697
Prior Year Non Covid Redetermination Monies	0.632
Prior Year COVID-19 Redetermination Monies	1.008
2021/22 Non COVID-19 Redeterminations Monies	2.870
2021/22 COVID-19 Redetermination Monies which are committed for specific projects	2.655
Consolidation of the Living Wage – Pay & Grading 2021/22	0.350
Return of IJB Reserves	0.548
ANGUSalive – Income Generation uncertainty/inability to deliver 2020/21 savings targets in Change Programme	0.723
Museums Collection Fund	0.007
Scottish Welfare Fund	0.763
Discretionary Housing Payments Funding Carry forward	0.244
Affordable Housing Revenue Account	2.942
Approved 2021/22 100% Revenue Budget Carry Forward	0.907
Demolition of Lochside Leisure Centre	0.377
COVID-19 Contingency	1.723
Car Park Reserve	0.267

Arbroath Harbour Reserve	0.194
Specific Reserves	0.232
Devolved School Management Scheme (DSM)	1.502
Total Committed Within General Fund Reserve	49.563
Uncommitted General Fund Reserve at 31 March 2022	6.644

Once this committed balance has been removed from the net General Fund Reserve, the Council has an uncommitted balance of £6.644 million at 31 March 2022. This uncommitted balance position is after allowing for an earmarked contingency sum of around 1.8% of the net revenue budget (£4.700 million) and it is considered prudent to continue with this position to address any significant one-off issues (e.g. COVID-19 impacts, inflation) which may arise during the course of the current and forthcoming financial year. This contingency sum will also provide a suitable financial base for future years as part of the Council's medium term budget strategy.

The Repairs and Renewals Fund Reserves at 31 March 2022 are £1.498 million; and this made up of following components; Property £0.355 million; Information Technology £0.082 million; Roads & Transport £0.106 million; Parks & Cemeteries £0.032 million and £0.912 million Services to Communities.

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

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

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

14. Balance Sheet

The Balance Sheet represents a snapshot of Angus Council's overall financial position on 31 March 2022. It brings together the year-end balances of all Angus Council's accounts and presents money owed to and by the Council, assets owned and the balances and reserves at the Council's disposal. The overall net assets of Angus Council have increased by £152.820 million from £610.551 million in 2020/21 to £763.371 million in 2021/22.

The main reasons for this increase are due to: an increase in Property, Plant and Equipment assets of £150 million, due predominantly to increased valuations of £114 million on the school estate (these assets are valued using the depreciated replacement cost method, with the latest valuations being impacted by the increased costs evident within the construction industry). Property, Plant and Equipment has also increased through the £33 million recognition of the lease agreement for the Waste Disposal Plant in Dundee; a reduction in short term debtors and investments of £10 million; an increase of £36 million in creditors and borrowing; and a reduction in the pension liability of £43 million.

15. Group Accounts

Angus Council has a material interest in a number of companies and joint ventures, which requires the preparation of Group Accounts. Details of the consolidated Group Accounts of Angus Council can be found on pages 103 to 114.

16. Financial Indicators

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends the inclusion of certain "financial ratios" in the Management Commentary to assist the

reader to assess the performance of Angus Council over the financial year and the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity. Increase in uncommitted general fund reserve caused by COVID-19 funding which is planned to be utilised over future years while the Council recovers from the pandemic.

Fig. 10 Financial Indicator Commentary

Financial Indicator	2021/22	2020/21	Purpose
Uncommitted General Fund reserve (incl contingency) as a proportion of annual budgeted net expenditure	3.9%	3.7%	Reflects the level of funding available to manage financial risk/unplanned expenditure
Movement in the uncommitted General Fund reserve	£6.644m	£4.761m	Reflects the extent to which the Council has increased/(decreased) its uncommitted General Fund Reserve
Council Tax – in Year Collection Rate	97.2%	96.9%	Demonstrates the Council's effectiveness in collecting council tax debt
Ratio of council tax income to overall level of funding	20.0%	20.0%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income
Capital Financing Requirement	£302.151m	£262.277m	Measurement of requirements to borrow for capital purposes
External debt levels	£296.182m	£261.405m	Actual borrowing for capital investment purposes
Ratio of financing costs to net revenue stream	8.6% (GF) 9.1% (HRA)	9.4% (GF) 9.7% (HRA)	Measurement of the extent of council's funds available to fund borrowing costs

17. Best Value Audit of Angus Council

During the 2021/22 financial year a best value assurance audit on the Council was undertaken. All Councils in Scotland have a statutory duty to achieve Best Value in all of their activities and Audit Scotland carried out, on behalf of the Accounts Commission, a comprehensive audit to assess Angus Council's compliance with that statutory duty.

The Accounts Commission is the public spending watchdog for local government. The Commission holds councils in Scotland to account and helps them improve and operates impartially and independently of councils and of the Scottish Government. The Commission expects councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

The key messages from the Best Value Audit of Angus Council were:

1 The council has demonstrated a good pace of improvement since the last Best Value report in 2016. It has reshaped services and is an organisation that is focused on its priorities, working well with partners and keen to learn from good practice.

2 The council and its partners have a clear vision for Angus. There is strong partnership working and collaboration. Partners across Angus worked well together to deliver services to those most in need during the Covid-19 pandemic. The council is looking to learn from others how to engage effectively with communities on the service redesign required.

3 The pandemic has increased existing inequalities, hitting the most disadvantaged groups hardest. Reducing inequality is a priority for the council and it is engaged in a range of local projects to provide support and increase opportunities for its most disadvantaged citizens.

4 The Leader of the Council and Chief Executive provide effective leadership. Officers and members have constructive working relationships. Effective arrangements are in place to support decision-making and public scrutiny. Elected members have worked together to make difficult decisions to deliver financial sustainability.

5 Angus Council has effective financial management and medium-term financial planning but has yet to fully develop its long-term financial plan. The council has delivered significant financial savings in recent years through its Change Programme, including comprehensive service reviews. Now increasing financial pressures mean even more radical change is required to the range and scale of services and how they are delivered.

6 Annual performance reports are used to inform elected members and the public of progress against council priorities. These reports are improving year on year, but performance reporting needs to be more frequent to help drive improvement. Clearer links between performance data and the impact of improvement actions is also necessary.

7 Progress in embedding a council-wide performance management framework to drive improvement activity has been slow. Covid-19 disrupted progress. Further change is needed if the council is to realise its ambition to be a performance led council.

8 The council's performance has improved or been maintained across three of the four key priority areas within its Council Plan. But in its priority area of the local economy, where many indicators do not have performance information available, there were already challenging performance issues before March 2020.

9 The Local Government Benchmarking Framework indicators for 2021/22 show a mixed picture, with good performance in areas such as waste management alongside the need for improvement in the key area of housing. The proportion of indicators in the top quartile is the highest since 2016/17.

10 Across the majority of areas the people of Angus are more satisfied with their council services than the Scottish average.

11 The Angus Health and Social Care Partnership is a key partner for the delivery of health and social care services. Good progress has been made in shifting care from hospitals to community and home-based care settings, but changes in the demand for care and recruitment challenges are resulting in unmet need. New models of service delivery are being introduced, but further change is needed to ensure services remain financially sustainable."

The Council's response to the Best Value Audit Report was reported to Council at its meeting on 8 September 2022 (Report 301/22, Appendix 1 and Appendix 2 refer).

18. Looking Forward

18.1 Operating Principles

The updated Council Plan 2022-2025, published in March 2022 acknowledged that as we continue to face the challenges presented by and as a result of the recovery from the COVID-19 pandemic, mindful that its long term impact is yet to become clear we reaffirm our commitment to the following priorities.

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

4. Angus Council to be efficient and effective

The Council also faces new challenges caused by inflation, severe weather and world events such as the war in Ukraine making it more important than ever that we focus on our priorities. The latest Council Plan update demonstrates the council's commitment to adapt how we work and shift our focus to working more closely with our citizens, our communities, our businesses – putting them at the heart of everything we do for better outcomes. Throughout the COVID-19 pandemic we have seen more than ever the value of the work done in our communities, the benefit of working in partnership and adapting quickly what we do, recognising that living and working in, and visiting Angus will be very different in the immediate future.

Our strategic priorities are focused on outcomes. The refreshed plan updated some details on our planned activities and highlighted new opportunities, policy and importantly prioritisation of our resources to respond to future challenges. We have engaged with our staff to consider where we should invest or do more and where we could reduce or stop activities or do them more efficiently.

In 2022 the Community Plan which provides direction in delivery of the Angus vision – 'Angus is a great place to live, work and visit' will be reviewed due to the changing environment we are now working. This will play a role in the Council Plan refresh 2023 – 2026 which will be focused on the priorities of the new administration and engagement with local people.

18.2 Operating context

The Council has faced a very difficult year alongside the ongoing response to the pandemic, the services the Council have faced challenges in recovery, dealing with increased demand and backlogs, and meeting community needs and expectations..

The Accounts Commission's Local Government in Scotland Overview 2022 issued on 25 May 2022, summaries the key challenges and performance issues faced by councils. This report, is the second in the series of reports that reflects on the evolving and long-term nature of the impact of COVID-19. This report considers the second year of the pandemic from March 2021 to February 2022, with data and information correct as at the end of February 2022. This report builds on last years overview report and assesses: the ongoing impact of COVID-19 and councils progress towards recovery and renewal; how councils are positioned to address long-term priorities including climate change, inequality and public service reform; how effectively council leadership is managing recovery and renewal. The Council's Scrutiny & Audit Committee considered the terms of this report and the Financial Overview 2020/21 report during August 2022, report 204/22 refers.

18.3 Financial Context

Angus Council, like other Local Authorities in Scotland, gets most of the money needed to provide services from grants provided by the Scottish Government. Some 81% of the Council's General Fund net revenue budget is now paid for through these grants. Income from Council Tax pays for these services too but only covers 19% of their net cost. Current funding arrangements mean the Council is heavily dependent on government grant to pay for services and in recent years the level of that grant available to support existing services has been falling in real terms (taking into account inflation). Additional grant from the Scottish Government was received during 2021/22 to assist Councils with the impact of COVID-19. In a recent report Accounts Commission , Local Government Financial Overview 2020/21, commented "Excluding the effect of COVID-19 funding, the underlying cumulative funding position for councils has fallen by 4.2% in real terms since 2013/14. This demonstrates that local government funding has been reduced proportionately more than the rest of the Scottish Government budget over this period. The Scottish Government is committed to protecting the Health Budget which has a direct impact on all other areas of the Scottish Budget, including local government".

In line with good practice the Council prepares plans and makes estimates of its expenditure and income into future years so it can be prepared for what may happen. The Council's latest Medium Term Budget Strategy (MTBS ([report 339/21](#))) covers the period to 2024/25. The projected funding gap identified in that

Strategy continues to be one of the biggest challenges that the council faces in the next few years. The projected gap will be addressed primarily through the Council's Change Programme and from the new use of reserves strategy, report 178/22 highlights the immediate and future challenges for the Council.

The Council is also developing a Longer Term Financial Planning Framework (LTFFP) and the first version of that framework will be presented to the Council in March 2023..The conclusion of this financial planning work has suffered delays due to staffing pressures.

The Change Programme is projected to deliver £6.8 million of budgeted savings in financial year 2022/23. In addition to this it is estimated that the programme will achieve savings totalling £13.3 million over financial years 2023/24 and 2024/25. This is not sufficient at present to address the projected funding gap identified in the table below.

Fig. 11 Comparison of Estimated Funding Gap and Estimated Savings from Change Programme

	2023/24 £m	2024/25 £m	2 Year Total £m
Projected Funding shortfall (Oct 21 assessment)	9.7	11.8	21.5
Add previous years funding gap dealt with on a one-off bases – use of reserves	4.0	2.0	6.0
Impact of 2022/23 Pay Provision Shortfall (COSLA 2% offer)	0.9	0.0	0.9
Sub-total – Total Funding Gap	14.6	13.8	28.4
Estimated Savings From Change Programme	(6.1)	(7.2)	(13.3)
Estimated use of uncommitted general fund balance per proposed use of reserve strategy	(2.0)	(1.0)	(3.0)
Remaining Funding Gap	6.5	5.6	12.1

It is however important to note the role that Council Tax increases can play in reducing or potentially eliminating the remaining funding gap in figure 12 above. For example if the Council ultimately agreed Council Tax increases in 2023/24 and 2024/25 by 3% this would yield around £2.4 million in additional income, but would not significantly reduce the funding gap. The Council may wish to pursue higher Council Tax in 2023/24 and 2024/25 but these increases would need to be around 11% p.a. on average if the Council were to rely only on Council Tax to balance future years budgets.

Angus Council is not alone when it comes to facing these challenges, all Councils in Scotland face similar issues, as detailed in the Accounts Commission's financial overview report for 2020/21. Key messages from this report include:

- The COVID-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic;
- When COVID-19 funding is excluded, there has been a real terms underlying reduction of 4.2% in local government funding since 2013/14;
- The underlying increase in Scottish Government funding of £358 million in 2020/21 was 1.1% in real terms. But, over half of this increase is due to specific grants. Ring-fenced funding helps support delivery of key Scottish Government policies but constrains a proportion of the funding and resources and removed any local discretion over how council can use these funds;
- Councils income from customers and clients was affected by COVID-19 restrictions and fell by £0.5 billion;
- In 2020/21, all councils reported surpluses and increased their usable reserves. The total increase in reserves was £1.2 billion (46%). This increase was mainly due to late COVID-19 funding, which was unspent at 31 March 2021;

- Councils administered a further £1.4 million of COVID-19 grants on behalf of the Scottish Government in 2020/21, putting additional pressure on finance staff across councils;
- Capital expenditure reduced by more than 20% in 2020/21 because of COVID-19;
- COVID-19 pressures contributed to greater and more frequent error in councils unaudited accounts.

The financial context for the Council into future years remains an exceptionally challenging one and the position continues to be impacted by the recovery and renewal process from COVID-19, current significantly high inflation rates, increases in energy costs and the demands around future pay increases partly due to the increased cost of living. The majority of these costs will not be covered by additional grant funding, report 178/22. The impact on Council employee resource continues to be an issue with difficulties in recruitment putting additional pressure on current employees. Nevertheless, the Council is as well placed as it can be to take on this challenge both financially and culturally. Significant effort and investment is being put into working with communities and partners, to the development of the Council's senior leaders and to ensuring the Council is performance led and strong on self-evaluation. The Council's forward financial planning, its reserves position, prudent financial management and comprehensive Change Programme also provide a solid base to tackle future challenges.

18.4 Future risks & uncertainties

The principal risks and uncertainties facing Angus Council are included in the Corporate Risk Dashboard last submitted to Scrutiny & Audit committee on 25 January 2022, report 16/22 refers. This identifies significant risks to the Council, in addition to financial sustainability, as being:

- IT Resilience & Cyber Attack (Business Continuity), interruption of service or inability to provide IT services due to loss of the data centre. Work is being done around the Recovery Time Objectives & the implementation of Office365 will improve resilience for all services.
- Pandemic – COVID-19, the ongoing response to the global pandemic impacts the council's ability to continue to provide essential services and to protect the most vulnerable citizens of Angus, the wider community & the local economy.
- Data Migration, incomplete migration of data from Care First (legacy client index system) to Eclipse (replacement client index system) leads to professionals having incomplete information on which to base assessment of need and risk to children referred to social work; incomplete identification of records in relation to subject access requests and the Historic Child Abuse enquiry; the application of incorrect file retention schedules and inaccuracy of key data returns to Scottish Government and the improvement service to inform comparative data.

19. Conclusion & Acknowledgment

The 2021/22 financial year has been very challenging for Angus Council and its partners. The pandemic and more recently severe weather and cost of living challenges has brought pain and severe disruption to all our communities and resulted in very heavy workloads for many staff across public services. The reliance on the Council, its staff and our partners to support the people and businesses in Angus and deliver Government COVID-19 assistance programmes over the last 12 months has been enormous and huge credit must go to all of those members of staff who have delivered the essential services the citizens of Angus rely on. When it matters most the Council and its staff continue to be there and deliver for the people and businesses of Angus and did so again during 2021/22 in very challenging circumstances both personally and professionally.

We are pleased to record that the council has successfully delivered on many of its targets and priorities during the 2021/22 financial year despite the pandemic. The Council has also successfully managed its financial affairs over the last financial year which reflects well on both the efforts and professionalism of

the employees and the effectiveness of our financial management procedures. The continuation of prudent financial management and medium term financial planning has allowed the Council to operate within budget and achieve prescribed financial objectives. Accordingly, we wish to record our thanks to all of the Council's staff for their essential contribution to helping ensure that essential public services were delivered within the financial targets set.

The impact of COVID-19 and now high levels of inflation onto the Council's finances has created significant uncertainty with regard to sufficiency of budgets in some service areas and the delivery of the Change Programme. This will necessitate increased scrutiny and review of Council finances on an ongoing basis.

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

Margo Williamson
Chief Executive

Councillor Beth Whiteside
Leader of the Council

Ian Lorimer
Director of Finance

Annual Governance Statement 2021/22

Introduction

Angus Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003. This means that it must plan to continuously improve its performance, while maintaining an appropriate balance between quality and cost. It must do this with regard to economy, efficiency and effectiveness.

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

- setting the strategic direction, vision, culture and values of the Council;
- effective operation of corporate systems, processes and internal controls;
- engaging with communities;
- monitoring progress against strategic objectives;
- delivering services cost effectively; and
- ensuring that appropriate arrangements are in place for the management of risk.

To this end, the Council has approved and adopted a Local Code of Corporate Governance (the Local Code). This is consistent with the principles and recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives (SOLACE) framework, Delivering Good Governance in Local Government and the supporting guidance notes for Scottish Local Authorities.

The Local Code sets out the core principles of good governance and the key policies, procedures and structures which demonstrate Angus Council's compliance. It is also applicable in general terms to elected members and officers on external bodies. A copy of our [Local Code of Corporate Governance](#) is available on the Council's website.

This annual governance statement explains how the Council has complied with the terms of the Local Code for the year ended 31 March 2022. It also meets the requirements of the Local Authority Accounts (Scotland) Regulations 2014, which requires all relevant bodies to prepare an annual governance statement. The statement covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statements and internal audit annual reports.

Guidance published by CIPFA in 2018 is accepted as best practice for local authority audit committees. CIPFA guidance recommends that all audit committees should *"report regularly on their work, and at least annually report an assessment of their performance"*. (Audit Committees Practical Guidance for Local Authorities and Police).

The first annual report from the Scrutiny & Audit Committee was submitted to Council in September 2018 and has continued annually thereafter. The latest Scrutiny & Audit Committee Annual Report for 2021/22 was agreed by the Council at its meeting on 8 September 2022 (Report 311/22).

Exceptional Events/ Concurrent Risks

During this reporting period, the Council has continued to adapt and respond to a variety of disruptions that have occurred, including the pandemic, extreme weather events, support for the Ukraine crisis and the re-settlement of Afghan families. Some services have come under immense pressure due to the varying demands, and also as a result of managing an overall increase in staff absences related to COVID-19.

Governance arrangements relating to Council and Committee decision-making have continued via remote meetings throughout the entire 2021/22 reporting period, including live-streaming and recordings via the Council's YouTube channel.

In terms of handling the pandemic, ongoing assurance has been provided by the Council's emergency management and disaster recovery governance arrangements. These have continued to be delivered through regular Bronze (operational), Silver (tactical) and Gold (strategic) meetings. Records of these meetings, which have been scaled up and down during the various 'waves' of the pandemic, are available to provide a full audit trail of decision making.

In overall terms, it is considered that the Council has continued to respond extremely well to the enormous challenges raised by the pandemic and the other exceptional circumstances that have arisen, and in a manner that has been well planned, proportionate and responsive to the circumstances. Each emergency response has been delivered in a controlled environment, with appropriate governance arrangements deployed to provide robust assurance aligned to the circumstances. Recovery and renewal plans beyond the pandemic are also being developed as an integrated part of our strategic planning arrangements.

The Governance Framework

The governance framework comprises the systems, processes, values and culture by which the Council is governed. It enables the Council to monitor progress against the outcomes set out in the Council Plan.

The governing body of Angus Council is the full Council. Some functions, including setting the annual budget and Council Tax, can only be discharged by the full Council. The following standing committees were in place during 2021/22:

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

The core constitutional documents of the Council are:

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

All are reviewed on a regular basis to ensure they are fit for purpose and the latest version is available via the Council's website: [Standing Orders of the Council, 21 December 2020](#).

Internal Financial Control

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

It is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. Controls

cannot eliminate the risk of failure to achieve strategic priorities and outcomes, but the system is designed to manage risk to a reasonable level.

The Council's [Financial Regulations](#) were updated during the 2021/22 financial year.

Statutory Roles

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

The Council's financial management arrangements comply in all material respects with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2016)*. The Council's Chief Financial Officer/ Section 95 Officer (Director of Finance) is involved in the development of all strategic and financial policy matters and has direct access to all elected members. They report directly to the Chief Executive on all matters including their statutory role. For the year under review (2021/22), the Chief Financial Officer was able to fulfil the requirements of the role through the arrangements which existed. The Director of Finance has carried out a self-assessment against the requirements of the new financial management code (report 355/22 refers).

The Council's Monitoring Officer (Director of Legal & Democratic Services) is responsible for ensuring that agreed procedures are followed and there is compliance with all applicable statutes and regulations.

Adult social work services are delivered under the direction of the Angus Integration Joint Board, established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The work of the Angus Health & Social Care Partnership is overseen by the Angus Integration Joint Board (IJB). Agendas, reports and minutes of the IJB are published on the Council website. The IJB Chief Officer is a member of the Council's Corporate Leadership Team. The postholder of this position, which had been filled on an interim basis during part of 2019/20 and continuing throughout the full course of 2020/21, was filled by the same incumbent on a permanent basis in August 2021.

The Council's Chief Social Work Officer (CSWO) (Director of Children, Families & Justice) is responsible for providing effective professional advice to elected members and officers in the authority's provision of statutory social work duties. The CSWO also provides professional governance and leadership in the delivery of social work and social care services. The role of the CSWO complies with revised guidance issued by Scottish Ministers in July 2016. The CSWO's annual report details the arrangements that are in place within Angus to allow the CSWO to fulfil this role and provides assurance to elected members as to the governance of statutory social work services in Angus. The CSWO assurances cover all social work services, including those which have been delegated to the IJB. The Council's CSWO annual report for 2020/21 was considered by the Council at its meeting on 9 September 2021 ([Report 276/21 and Appendix 1](#)) and the CSWO 2021/22 annual report will be brought to the Council in Autumn 2022. The latest National Chief Social Work Officers [Annual Report](#) is also available on the IRISS Website.

Internal Audit Service

The Council operates an internal audit service which reports directly to the Chief Executive. The in-house team is supplemented by additional IT audit input from a contractor. The service is led by the Service Leader Internal Audit, who reports on a functional basis to the Scrutiny & Audit Committee. The Service Leader Internal Audit reports in their own name, retains final edit rights over all audit reports and provides the Scrutiny & Audit Committee with an annual report on governance, risk and internal control.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The most recent five-yearly External Quality Assessment (EQA) report was considered by the Council's Scrutiny & Audit Committee at its meeting on 26 January 2021 ([Report 11/21](#) refers). It confirmed compliance with the requirements of the PSIAS and made a small number of recommendations where improvements could be achieved relating to Assurance Mapping and Risk Management. The annual self-assessment undertaken in March/April 2022 confirmed that the internal audit service conforms with

PSIAS.

The Internal Audit annual report 2021/22 (para 43 final bullet) also states that self assessment against the CIPFA statement on the Role of the Head of Internal Audit confirmed compliance.

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

Angus Council acknowledges its responsibility for ensuring the risks and negative impacts associated with fraud are managed effectively and any allegations of fraud and corruption are investigated by CFT staff in partnership with Council colleagues where appropriate. The continued work of CFT plays a key role in the Council's response to the risk of fraud and corruption. It has also played an active role in reviewing potentially fraudulent grant claims as part of the Council's response to the COVID-19 pandemic.

The team has overall responsibility for assessing and investigating allegations of fraud and corruption and for reporting findings. A self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption confirms that the Council has adopted a response that is appropriate for its fraud and corruption risks ([Report 181/21](#) refers).

The allegations investigated during 2021/22 were non-cash related or were of sufficiently low financial value not to have had a material impact on the Council's financial standing. Report 160/22 considered by the Scrutiny & Audit Committee at its meeting on 23 June 2022, contains further detail on the work of the Counter Fraud Team. To meet the demand for counter fraud services, the temporary post in the Counter Fraud Team due to end in May 2022 has been made a permanent position.

Annual Review of the Governance Framework

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

The annual review of the governance framework is informed by:

- annual assurances from service Directors, who are responsible for the development, maintenance and improvement of the governance arrangements within their own directorate;
- an annual assurance statement and questionnaire completed by the Chief Officer, Angus IJB;
- annual assurances from the S95 Officer, Monitoring Officer and Chief Social Work Officer;
- consideration of governance issues by the Scrutiny & Audit Committee, including internal and external audit reports, counter-fraud updates, corporate risk register updates and complaints summary reports;
- reports from other scrutiny bodies and inspectorates;
- a review of the governance statements prepared by subsidiaries and associates included in the Council's Group Accounts; and
- assurance letters received from the Chair of the IJB Audit Committee and the Chair of the AngusAlive Board.

For year 2021/22, the annual review of the governance framework has also considered the impact of the COVID-19 pandemic on Council services over that period. As part of the annual assurances sought from service Directors, there was also a requirement to provide information in relation to any changes to normal governance arrangements as a result of COVID-19, and reflect on any good practice and areas of improvement from a service delivery perspective. During this year, some service reported an ongoing impact of pandemic but all maintained good governance with minor internal areas for improvement highlighted through this review.

The Council's Service Leader Internal Audit conducts an independent review of the Council's risk management processes, systems of internal control and corporate governance processes as part of their Internal Audit Annual Report 2020/21 (Report 157/22, Appendix 1).

Their review of 2021/22, includes the opinion that:

- “4. *In my professional judgement as Service Leader Internal Audit, notwithstanding the delays caused in completing work due to the ongoing impact of the Covid-19 pandemic, lack of engagement and delays in receiving information from services, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.*
5. *In my opinion the Council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money.*
6. *The internal audit work for the year has identified a number of areas of good practice and good internal control. A number of recommendations to improve systems and controls have been made. The more material findings are highlighted later in this report.*
7. *I have concluded that the Local Code of Corporate Governance is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects.”*

The conclusion from the review activity outlined above is that in 2021/22 the Council continued to demonstrate that the governance arrangements and framework within which the Council operates are sound and operating effectively, notwithstanding the ongoing challenges in relation to the COVID-19 pandemic.

Improvement Areas

The annual review process identified the following areas where improvements have been made during 2021/22, or where further improvements are planned for 2022/23 to enhance the Council's governance framework. Progress will be reported to the Scrutiny & Audit Committee. An update on the improvement actions identified in the 2020/21 Annual Governance Statement, along with new actions emerging from the 2021/22 review, was reported to the Scrutiny & Audit committee in June 2022 (Report 159/22, Appendix 1 refers).

Key matters to highlight from the annual review process are as follows:

- Angus Council, as one of the constituent bodies of the Angus Integration Joint Board and the associated Integration Scheme, along with NHS Tayside, have a legal requirement to review said Integration Scheme in accordance with the related legislation. This was considered by the Council at its meeting on 10 September 2020 ([Report 220/20](#) refers) and a project was subsequently progressed on a pan Tayside basis to review and update the Integration Scheme. The draft revised Integration Scheme was considered by the Council at its meeting on 24 March 2022 and agreed to allow for a period of consultation prior to consideration for final approval in June 2022 ([Report 101/22](#), [Appendix 1](#) and [Appendix 2](#) refer), before submission to Scottish Ministers.

- The [Risk Management Strategy](#) bi-annual review commenced in March 2021, but was put on hold due to COVID impacting availability of resources. Work has restarted and is due to be completed by the end of 2022. It is planned to include an assessment of Risk Appetite as part of this review process. This will be reviewed by the Scrutiny & Audit Committee during 2022 and approval will thereafter be requested at the next available Policy & Resources Committee.
- It was agreed by the Special Arrangements Committee, at its meeting on 26 May 2020, to review the current governance arrangements in relation to the Council's Standing Orders, the Order of Reference of Committees and the Scheme of Delegation to Officers by establishing a short life Member and Officer Working Group ([Report 142/20](#) refers). The Director of Legal & Democratic Services received approval to put this work on hold until after the May 2022 Elections where a report will come forward setting out the new timeline ([Information Report February 2022](#)).
- Further work was undertaken during 2021/22 to review and update all the operational sub-delegations required to ensure that across the Council these reflect the current management structure and operational arrangements. The Angus Health & Social Care Partnership scheme, which has been progressed during the year, is now well developed and planned to be finalised by July 2022.
- It was previously identified that data breaches emerging from Angus Health & Social Care Partnership (AHSCP) should be reported via Angus Council or NHS Tayside (not directly from AHSCP). The action has now been addressed to ensure that appropriate procedures are in place to address this, along with similar policy related matters.
- The 2020/21 annual governance review highlighted that concerns had been raised by internal audit relating to the performance of the Environmental Health Service in 2019. One action was outstanding at that time which related to rationalising the content of current guidance, policies and procedures. This action has now been completed.
- This years governance review of the internal audit report has identified limited or no assurance that controls are adequate in relation to IT User Access Administration (IDOX). Actions to address the weaknesses identified have been agreed and their implementation will be monitored by the internal audit team.
- The 2019/20 annual governance review also highlighted that Internal Audit had identified limited assurance in an audit relating to 'Climate Change Targets 2020'. The outstanding 'Climate Change Targets 2020' action has now been completed.
- The 2019/20 annual governance review also highlighted that Internal Audit had identified IT Interfaces as an area where limited assurance was provided. The limited assurance opinion results from there being a lack of documentation of the design and operation of interfaces for Council systems, as well as a reliance on the knowledge of a small number of staff for their successful day to day operation. An audit action plan for this item was established, and several actions remain outstanding; these are all due for completion by 30 June 2022.
- An internal audit carried out as part of the 2021/22 annual audit plan relating to a review of the processes and arrangements for the authorisation of contract exemptions to comply with the Council's Financial Regulations and legal compliance has concluded that the level of assurance is limited. The level of assurance will be reviewed and redefined once the Council's new Exemptions Co-ordinator puts in place a plan to improve the exemptions process, to provide support to services and monitor the contracts authorised through exemptions.
- An improvement action in relation to the end to end process for the billing and collection of payments for adult social care was previously identified. This action continues to be in progress

with an implementation plan being worked on to improve the process.

- It is highlighted from Tayside Contract's Internal Audit report that their Procurement and Procurement Strategy required improvement action. Tayside Contracts have now prepared an up to date Procurement Strategy and the implementation of other recommendations raised are being overseen by the Managing Director. In addition, areas of weakness were identified in relation to financial processes and systems. Tayside Contracts have implemented an action plan to address the recommendations raised, with 7 of the 15 recommendations being considered as fully implemented, and the remaining 8 in progress.
- Angus Alive's Internal Audit report has identified that Business Planning and performance monitoring and reporting priority 1 actions from previous years remain outstanding. While Angus Alive require to complete these outstanding actions with urgency, the Council is also currently pursuing improvement action in these areas as part of its contract monitoring arrangements with Angus Alive.
- The Council's latest Best Value Audit was carried out by Audit Scotland during the period between November 2021 to April 2022. The report was published by the Accounts Commission on 5 July 2022 and can be found using this [link](#). In overall terms the report highlights that: "Angus Council serves its communities well, has made impressive improvements to services in recent years and benefits from effective leadership and a clear vision. There is strong partnership working and collaboration to help deliver services that benefit local people". The improvement action plan emerging from the findings (containing 4 recommendations) will be progressed in accordance with agreed timescales.
- In terms of the Council's ongoing emergency response to the COVID-19 pandemic, the Council's Service Leader Internal Audit has included the following observations from audit work in the 2021/22 Internal Audit Annual Report:
 - *"The Council plan is aligned with the change programme and the budget. Significant review has taken place during the year to ensure the impact of Covid-19 has been recognised as fully as possible."*
 - *"Governance changes to address the Covid-19 impact at both officer and member levels were well planned, proportionate, and reviewed and amended appropriately throughout the year."*
 - *"Covid-19 recovery work is ongoing at both a strategic and operational level. Officers are working to ensure that these are linked and that recovery is also linked to on-going activity within services and at a corporate level, e.g. through the Change Programme."*

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

Progress with the actions to address the ongoing and new improvement areas included in this annual governance statement will be reported to the Scrutiny & Audit Committee at its meetings in January and June 2023.

Conclusion

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

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making; and

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

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

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

Certification

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

Margo Williamson		Councillor Beth Whiteside
Chief Executive		Leader of the Council

Angus Council Remuneration Report 2021/22

Background

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

In accordance with this requirement this report sets out:-

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

Senior Councillors Remuneration Policy Context

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

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

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

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2021/22 the salary for the Leader of Angus Council is £37,213. 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 (£27,910). 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 £302,339 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 2021/22 was for the Conveners of the "main" committees to have salaries of £25,116 and the Vice Conveners of the "main" committees to have salaries of £21,860.

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

Angus Council's remuneration scheme for councillors (which encompasses the salaries of all elected members including the Leader, Civic Head and Senior Councillors) was agreed at a meeting of the full Council on 14 June 2018, the minute of which is available under item 10 at:-

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

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

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

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

https://www.angus.gov.uk/media/councillors_expenses_2021_2022_pdf

Senior Employees Remuneration Policy Context

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

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

Senior employees may also have a contractual right of access to the Council's car lease scheme and where they are participating this is included within "non-cash expenses" together with any other benefits in kind. The remuneration information detailed in table 5, as required by The 2014 Regulations, relates to the total received by an individual while they are an incumbent of a senior employee post. Employees commencing or leaving employment during the course of the year and changes in expenses can therefore create distortions in the comparative figures between years. In light of this and for the purpose of clarity, detailed below are the salaries for 2021/22 of the posts which are classed as senior employees of the Council.

Table 1

Post	2021/22 Salary £
Senior Management – Angus Council	
Chief Executive	138,847
Depute Chief Executive	121,701
Director of Education & Lifelong Learning (Chief Education Officer)	96,672
Director of Vibrant Communities & Sustainable Growth	96,672
Director of Children, Families & Justice (Chief Social Work Officer)	96,672
Director of Infrastructure	96,672
Director of Finance (Section 95 Officer)	100,518
Director of Human Resources, Digital Enablement, Information Technology & Business Support	96,672
Director of Strategic Policy, Transformation & Public Sector Reform	96,672
Director of Legal & Democratic Services (Monitoring Officer)	96,672

Subsidiary Body: ANGUSalive	
Chief Executive	96,672

General Disclosure of Employees By Remuneration Band

Table 6 shows the number of Council employees who received remuneration in excess of £50,000 per annum in 2020/21 and 2021/22 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

Exit Packages

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

Table 2 below discloses the number of relevant exit packages agreed during 2021/22 and their costs grouped in the relevant bandings.

Table 2

Banding by Total Cost of each exit package	Number of Exit Packages Agreed				Cost of exit packages in each band *				Total cost of exit in each band	
	Compulsory		Other		Compulsory		Other		2021/22 £	2020/21 £
	2021/22	2020/21	2021/22	2020/21	2021/22 £	2020/21 £	2021/22 £	2020/21 £		
Up to 20,000	1	2	11	0	1,331	7,304	64,138	0	65,469	7,304
20,001 – 40,000	0	0	0	1	0	0	0	21,398	0	21,398
40,001 – 60,000	0	0	0	0	0	0	0	0	0	0
60,001 – 80,000	0	0	0	1	0	0	0	70,331	0	70,331
80,001 – 100,000	0	0	0	0	0	0	0	0	0	0
100,001 – 150,000	0	0	0	0	0	0	0	0	0	0
150,001 – 200,000	0	0	0	0	0	0	0	0	0	0
200,001 – 300,000	0	0	0	0	0	0	0	0	0	0
300,001 – 400,000	0	0	0	0	0	0	0	0	0	0
Total	1	2	11	2	1,331	7,304	64,138	91,729	65,469	99,033

Pension Benefits Policy Context

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

Councillors' and local government employees' pension benefits are based on career average pay. Their pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted by the change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the re-valued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. Pension benefits for those Pension Scheme members who were members prior to 1 April 2016 will include some entitlement earned under the previous final salary pension scheme.

Normal Pension Age equals State Pension Age for benefits built up from 1st April 2016. From 1 April 2009 a tier contribution system was introduced for scheme participants. A participant's total contributions are based upon on how much of their pay falls into each tier and the rate applicable for that tier. The overall percentage paid by the employee is made up of an average of how much of their pay falls into the different bands. The bands for 2021/22 and 2020/21 are shown in table 3 below:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2021/22	Full Time Equivalent Pay	Contribution Rate Payable By Councillors / Employees 2020/21
Up to £22,300	5.50%	Up to £22,200	5.50%
Over £22,300 and up to £27,300	7.25%	Over £22,200 and up to £27,100	7.25%
Over £27,300 and up to £37,400	8.50%	Over £27,100 and up to £37,200	8.50%
Over £37,400 and up to £49,900	9.50%	Over £37,200 and up to £49,600	9.50%
Over £49,900	12.00%	Over £49,600	12.00%

Further information on the LGPS can be found at:-

The Scottish Public Pensions Agency (SPPA) website

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

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

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

Remuneration of Senior Councillors (1 April 2021 to 31 March 2022)

The following table provides details of the remuneration paid to Angus Council's councillors for senior roles only in 2021/22.

Table 4

2020/21 Salary, Fees & Allowances £	Responsibility (1 April – 31 March)	Senior Councillor	2021/2022 Salary, Fees & Allowances £	2021/22 Taxable Expenses £
26,785	Civic Head / Provost	R Proctor MBE	27,910	0
35,713	Leader of the Council Convener of Policy & Resources	D Fairweather	37,213	0
24,104	Depute Leader and Finance Convener of the Council until 13.05.21/ Vice Convener of Policy & Resources	A Macmillan Douglas OBE	25,116	0
24,104	Convener of Children & Learning until 05.07.21 (Note 2)	D Wann	6,606	0
0	Convener of Children & Learning from 09.09.21/ Vice Convener of Children & Learning from 13.05.21 until 09.09.21	R Sturrock	21,105	0
20,979	Vice Convener of Children & Learning until 13.05.21 (Note 2)	L Speed	2,575	0
17,038	Vice Convener of Children & Learning from 04.11.21 (Note 3)	C Brown BEM	8,042	0
24,104	Convener of Communities/ Convener of Finance from 13.05.21	M Salmond	25,116	231
20,979	Vice Convener of Communities	T Stewart	21,860	0
24,104	Convener of Development Standards	D Lumgair	25,116	0
22,320	Vice Convener of Development Standards / Convener Tayside Joint Valuation Board (Note 1)	G Nicol	23,257	0
24,104	Convener of Scrutiny & Audit	A King	25,116	256
20,979	Vice Convener of Scrutiny & Audit	B Duff	21,860	0
20,979	Economic Development Spokesperson until 01.07.21 (Note 3)	B Davy	5,510	0
24,104	Convener Civic Licensing & Licensing Board & Depute Provost	C Fotheringham	25,116	0
20,979	Vice Convener Civic Licensing & Licensing Board	R Moore	21,860	0
351,375	TOTAL		323,378	487

Notes:

1. £4,653 of the remuneration relates to the councillor's responsibility as Convener of Tayside Valuation Board and this is paid by the Joint Board rather than the Council.
2. FTE Salary £25,116
3. FTE Salary £21,860

Remuneration of Senior Employees

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

Table 5

2020/21 Total Remuneration n £	Post	Senior Employee	Note	2021/22 Salary, fees & allowances £	Election Payments £	2021/22 Taxable Expenses £	2021/22 Compensation for Loss of Employment £	2021/22 Total Remuneration £
139,123	Chief Executive	M Williamson	1,4	139,047	8,714	0	0	147,761
120,901	Depute Chief Executive	M Armstrong	1,4	121,901	350	0	0	122,251
95,872	Director of Education & Lifelong Learning (Chief Education Officer)	K McIntosh	4	96,872	0	0	0	96,872
95,872	Director of Communities	S Ball	2	266	0	0	22,124	22,390
n/a	Director of Vibrant Communities & Sustainable Growth	A Smith	3,4	84,458	0	0	0	84,458
95,872	Director of Children, Families & Justice (Chief Social Work Officer)	K Lindsay	4	96,872	0	0	0	96,872
95,872	Director of Infrastructure	I Cochrane	4	96,872	0	0	0	96,872
99,718	Director of Finance (Section 95 Officer)	I Lorimer	1,4	100,718	350	0	0	101,068
95,872	Director of HR, Digital Enablement, IT & Business Support	S Faulkner	4	96,872	0	0	0	96,872
95,872	Director of Strategic Policy, Transformation & Public Sector Reform	V Smith	4	96,872	0	0	0	96,872
95,872	Director of Legal & Democratic Services (Monitoring Officer)	J Buchanan	1,4	96,872	4,357	0	0	101,229
1,030,846				1,027,622	13,771	0	22,124	1,063,517

Subsidiary Body: ANGUSalve								
95,872	Chief Executive	K Hunter	4	96,869	0	0	0	96,869

Notes:

1. In 2021/22 there are election payments totalling £13,771. In 2020/21 election payments totalled £1,076.
2. S Ball left post 1 April 2021 (FTE salary £96,872)
3. A Smith commenced in post 17 May 2021 as Interim Director of Vibrant Communities & Sustainable Growth. This appointment became permanent on 10 December 2021. FTE Salary £96,872.
4. 2021/22 Salary, fees & allowances includes pay award arrears for 2020/21 paid in February 2022.

General Disclosure of Employees By Remuneration Band

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

Table 6

2020/21 LGE	2020/21 SNCT	2020/21 CO	2020/21 Total	Remuneration Band	2021/22 LGE	2021/22 SNCT	2021/22 CO	2021/22 Total
42	93	0	135	£50,000 - £54,999	10	80	0	90
2	56	0	58	£55,000 - £59,999	26	55	0	81
4	24	0	28	£60,000 - £64,999	1	18	0	19
12	14	0	26	£65,000 - £69,999	2	10	0	12
9	1	0	10	£70,000 - £74,999	14	1	0	15
0	2	0	2	£75,000 - £79,999	0	1	0	1
0	0	0	0	£80,000 - £84,999	0	1	1	2
0	3	1	4	£85,000 - £89,999	0	2	1	3
0	2	0	2	£90,000 - £94,999	0	2	0	2
0	0	8	8	£95,000 - £99,999	0	0	6	6
0	0	0	0	£100,000 - £104,999	0	0	1	1
0	0	0	0	£105,000 - £109,999	0	0	0	0
0	0	0	0	£110,000 - £114,999	0	0	0	0
0	0	0	0	£115,000 - £119,999	0	0	0	0
0	0	1	1	£120,000 - £124,999	0	0	1	1
0	0	0	0	£125,000 - £129,999	0	0	0	0
0	0	0	0	£130,000 - £134,999	0	0	0	0
0	0	1	1	£135,000 - £139,999	0	0	1	1
69	195	11	275	Total	53	170	11	234

One of the chief officers in the CO column is not an Angus Council chief officer but a senior Angus IJB officer who is employed by the Council.

Pension Benefits – Senior Councillors

Twelve of the sixteen senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

Table 7

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/21 £	Responsibility	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/22 £	Accrued Pension Benefit at 31/03/22 £000	Accrued Pension Benefit at 31/03/22 lump sum £000	Accrued Pension Benefit Movement from 31/03/21 £000	Accrued Pension Benefit Movement from 31/03/21 lump sum £000
0	Civic Head / Provost	R Proctor MBE		0	0	0	0	0
6,071	Leader of the Council / Convener of Policy & Resources	D Fairweather		6,326	7	2	1	0
4,098	Depute Leader/Finance Convener of the Council until 13.05.21 / Vice Convener of Policy & Resources	A Macmillan Douglas OBE		2,846	4	0	1	0
4,098	Convener of Children & Learning until 05.07.21	D Wann		3,454	2	0	0	0
n/a	Convener of Children & Learning from 09.09.21/ Vice Convener of Children & Learning from 13.05.21 until 09.09.21	R Sturrock		3,960	2	0	n/a	n/a
3,566	Vice Convener of Children & Learning until 13.05.21	L Speed		3,228	2	0	0	0
In Year Pension Contributions paid by the Council to the Pension	Responsibility	Senior Councillor	Notes	In Year Pension Contributions paid by the Council to the Pension	Accrued Pension Benefit at 31/03/22 £000	Accrued Pension Benefit at 31/03/22 lump sum £000	Accrued Pension Benefit Movement from 31/03/21 £000	Accrued Pension Benefit Movement from 31/03/21 lump sum

Fund Year to 31/03/21 £				Fund Year to 31/03/22 £				£000
0	Vice Convener of Children & Learning from 04.11.21	C Brown BEM		0	0	0	0	0
4,098	Convener of Communities /Convener of Finances from 13.05.21	M Salmond		4,270	2	0	1	0
3,566	Vice Convener of Communities	T Stewart		3,716	2	0	0	0
0	Convener of Development Standards	D Lumgair		0	0	0	0	0
3,794	Vice Convener of Development Standards / Convener of Tayside Valuation Joint Board	G Nicol		3,954	3	0	1	0
0	Convener of Scrutiny & Audit	A King		0	0	0	0	0
3,566	Vice Convener of Scrutiny & Audit	B Duff		3,716	4	0	1	0
3,566	Economic Development Spokesperson until 01.07.21	B Davy		3,302	2	0	0	0
4,098	Depute Provost & Convener Civic Licensing & Licensing Board	C Fotheringham		4,270	4	0	1	0
3,566	Vice Convener Civic Licensing & Licensing Board	R Moore		3,716	2	0	0	0
44,087	Total			46,758	36	2	6	0

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year. It is highlighted that the pension contributions relate to only those made when an individual has been an incumbent of a senior employee post. All senior employees shown in the table are members of the Tayside Pension Fund and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total local government service, in whichever post(s), with Angus Council (and its predecessors) or has transferred into the Fund from another employer.

Table 8

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/21 £	Post	Senior Employee	Note	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/22 £	Accrued Pension Benefit at 31/03/22 £000	Accrued Pension Benefit at 31/03/22 lump sum £000	Accrued Pension Benefit Movement from 31/03/21 £000	Accrued Pension Benefit Movement (lump sum) from 31/03/21 £000
23,468	Chief Executive	M Williamson		23,412	76	5	3	0
20,553	Depute Chief Executive	M Armstrong		20,723	48	56	3	0
16,298	Director of Education & Lifelong Learning (Chief Education Officer)	K McIntosh		16,468	7	0	2	0
16,298	Director of Communities	S Ball	1	45	49	246	-5	147
n/a	Director of Vibrant Communities & Sustainable Growth	A Smith	2	14,358	32	37	n/a	n/a
16,298	Director of Children, Families & Justice (Chief Social Work Officer)	K Lindsay		16,468	33	32	2	0
16,298	Director of infrastructure	I Cochrane		16,468	45	65	2	1
16,952	Director of Finance (Section 95 Officer)	I Lorimer		17,122	49	74	2	1
16,298	Director of HR, Digital Enablement, IT & Business Support	S Faulkner		16,468	50	83	2	1
16,298	Director of Strategic Policy, Transformation & Public Sector Reform	V Smith		16,468	47	71	2	1
16,298	Director of Legal & Democratic Services (Monitoring Officer)	J Buchanan		16,468	26	0	2	0
175,059		Total		174,468	462	669	15	151
	Subsidiary Body: ANGUSalive							
16,298	Chief Executive	K Hunter		16,468	12	0	2	0

Notes:

1. S Ball left post 1 April 2021
2. A Smith commenced in post 17 May 2021 as Interim Director of Vibrant Communities & Sustainable Growth. This appointment became permanent on 10 December 2021.

Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. The relevant information relating to 2021/22 can be found in the table below.

	Central function employees	Education function employees
Trade union representatives	15	20
FTE trade union representatives	13.71	17.3
Percentage of working hours spent on facility time		
0% of working hours	4 representatives	18 representatives
0.01% to 0.99% of working hours	7 representatives	2 representatives
1% to 50% of working hours	4 representatives	0 representatives
51% to 99% of working hours	0 representatives	0 representatives
100% of working hours	0 representatives	0 representatives
Total pay bill and facility time costs		
Total pay bill	£76,967,103.95	£94,724,449.41
Total cost of facility time	£3,710.43	£465.79
Percentage of pay spent on facility time	0.0048%	0.00049%
Paid trade union activities		
Hours spent on paid facility time	188.50	15.01
Hours spent on paid trade union activities	114.50	0
Percentage of total paid facility time hours spent on paid TU activities	60.74%	0.00%

Audit Review

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

Exit Packages – Page 39

Senior Councillor's Remuneration – Page 41

Senior Employees' Remuneration – Page 42

Pay Bandings Information – Page 43

Pension Benefits Information for Senior Councillors – Pages – 44-45

Pension Benefits Information for Senior Employees – Page - 46

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

Margo Williamson
Chief Executive

Councillor Beth Whiteside
Leader of the Council

The Statement of Responsibilities

The Authority's Responsibilities

The authority is required to:

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

I confirm that these Annual Accounts were approved for signature by the Scrutiny & Audit Committee on the 29 November 2022.

Signed on behalf of Angus Council

Councillor Beth Whiteside
Leader of the Council

The Director of Finance's Responsibilities

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

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

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

The Director of Finance has also:

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

I certify that the financial statement of accounts give a true and fair view of the financial position of the local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2022.

Ian Lorimer CPFA
Director of Finance

Movement in Reserves Statement as at 31 March 2022

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. 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 housing rent setting purposes. The "Net increase / decrease before transfers to earmarked reserves" line shows the statutory General Fund Reserve and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Reserve £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Renewal & Repair Fund £000	Capital Funds £000	Insurance Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2020	37,369	3,096	1,805	2,193	1,977	1,339	47,779	494,579	542,358
<u>Movement in reserves during 2020/21</u>									
Surplus or (deficit) on provision of services	(7,961)	3,982	0	0	0	0	(3,979)	0	(3,979)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	80,486	80,486
Total Comprehensive Expenditure and Income	(7,961)	3,982	0	0	0	0	(3,979)	80,486	76,507
Adjustments between accounting & funding basis under regulations (Note 5)	20,766	(769)	807	0	1,817	0	22,621	(22,621)	0
Net Increase/ Decrease before Transfers to Earmarked Reserves	12,805	(3,213)	807	0	1,817	0	18,642	57,865	76,507
Transfers to/from Earmarked Reserves (Note 6)	(842)	(935)	0	(572)	2,218	162	31	(8,345)	(8,314)
Increase / Decrease in Year	11,963	2,278	807	(572)	4,035	162	18,673	49,520	68,193
Balance at 31 March 2021 carried forward	49,332	5,374	2,612	1,621	6,012	1,501	66,452	544,099	610,551
<u>Movement in reserves during 2021/22</u>									
Surplus or (deficit) on provision of services	(25,248)	(48)					(25,296)	0	(25,296)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	178,029	178,029
Total Comprehensive Expenditure and Income	(25,248)	(48)	0	0	0	0	(25,296)	178,029	152,733
Adjustments between accounting & funding basis under regulations (Note 5)	31,153	(320)	231	0	(4,437)	0	26,627	(26,541)	86
Net Increase/ Decrease before Transfers to Earmarked Reserves	5,905	(368)	231	0	(4,437)	0	1,331	151,488	152,819
Transfers to/from Earmarked Reserves (Note 6)	970	(636)	(1,715)	(123)	1,413	91	0	1	1
Increase / Decrease in Year	6,875	(1,004)	(1,484)	(123)	(3,024)	91	1,331	151,489	152,820
Balance at 31 March 2022 carried forward	56,207	4,370	1,128	1,498	2,988	1,592	67,783	695,588	763,371

Comprehensive Income and Expenditure Statement (CIES) for the year 31 March 2022

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. Councils raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2020/21				2021/22			
Gross Spend £000	Gross Income £000	Net Spend £000	Service	Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
142,009	(17,515)	124,494	Education & Lifelong Learning	152,007	(19,808)	132,199	140,991
58,486	(31,473)	27,013	Communities	62,634	(33,065)	29,569	31,867
23,473	(2,613)	20,860	Children, Families & Justice	25,725	(2,892)	22,833	23,484
28,103	(4,598)	23,505	Infrastructure	29,710	(4,442)	25,268	25,337
12,384	(3,368)	9,016	Strategic Policy, Transformation & Public Sector Reform	10,773	(939)	9,834	9,841
9,529	(974)	8,555	Human Resources, Digital Enablement, Information Technology & Business Support	10,556	(1,018)	9,538	9,825
6,163	(1,830)	4,333	Finance	5,596	(1,820)	3,776	3,920
3,585	(887)	2,698	Legal & Democratic Services	4,258	(1,095)	3,163	3,446
12,782	(3,952)	8,830	Other Services	11,480	(2,335)	9,145	11,668
6,756	(369)	6,387	Facilities Management	2,987	(350)	2,637	2,959
8	0	8	Corporate Items	0	0	0	3,170
821	(8)	813	Joint Boards	808	(8)	800	810
135,213	(80,897)	54,316	Adult Services*	144,705	(84,837)	59,868	59,868
439,312	(148,484)	290,828	General Fund Net Expenditure	461,239	(152,609)	308,630	327,186
30,710	(31,363)	(653)	Housing Revenue Account	33,629	(32,261)	1,368	2,820
470,022	(179,847)	290,175	Net Cost of Services	494,868	(184,870)	309,998	330,006
		(449)	Other Operating Expenditure – (Gain)Loss on disposal of non- current assets			(113)	
		19,393	Financing and Investment Expenditure & Income (Note 7)			17,876	
		(305,140)	Taxation and Non-Specific Grant Income (Note 8)			(302,465)	
		3,979	Deficit on Provision of Services			25,296	
		(34,658)	(Surplus) or deficit on revaluation of non-current assets			(111,852)	
		(45,829)	Re-measurements of the net pension liability			(66,177)	
		(80,487)	Other Comprehensive (Income)/Expenditure			(178,029)	
		(76,508)	Total Comprehensive (Income)/Expenditure			(152,733)	

*Adult Services (Angus Health & Social Care Partnership Integration Joint Board) expenditure and income above have been grossed up in accordance with financial reporting treatment in line with LASAAC guidance.

Balance Sheet as at 31 March 2022

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

31/3/2021 £000		Notes	31/3/2022 £000
864,719	Property, Plant & Equipment	11	1,014,752
5,870	Heritage Assets	12	5,870
3,150	Investment Property		3,150
2,534	Assets Held for Sale		1,979
482	Long Term Investments	28	482
3,177	Long Term Debtors	13	2,463
879,932	Long Term Assets		1,028,696
74,593	Short Term Investments	28	73,693
396	Inventories		345
34,273	Short Term Debtors	14	25,356
10,918	Cash and Cash Equivalents	15	17,778
120,180	Current Assets		117,172
(7,396)	Short Term Borrowing	28	(9,610)
(62,454)	Short Term Creditors	16	(63,650)
(69,850)	Current Liabilities		(73,260)
(139,133)	Long Term Borrowing	28	(138,237)
(65,702)	Pension Liability	21	(22,665)
(114,876)	Other Long Term Liabilities	31	(148,335)
(319,711)	Long Term Liabilities		(309,237)
610,551	Net Assets		763,371
66,452	Usable Reserves	6	67,783
544,099	Unusable Reserves	17	695,588
610,551	Total Reserves		763,371

The accounts were issued for audit on the 30 June 2022 and the audited accounts were authorised for issue by the Director of Finance on 29 November 2022.

Ian Lorimer CPFA
Director of Finance

Cash Flow Statement as at 31 March 2022

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

31/3/2021 £000		31/3/2022 £000
(3,979)	Net Surplus/(Deficit) on the Provision of Services	(25,296)
	Adjustment for Non-Cash Movements	
48,765	Depreciation and Impairments	47,238
1,106	Non current asset adjustments	4,304
22,773	Retirement benefits	23,140
(51)	Net movement in stock	51
(11,132)	Net movement in debtors	7,159
9,048	Net movement in creditors and provisions	910
(637)	Other Internal accounts adjustments	285
69,872		83,087
	Adjustments for Items Shown Within Investing and Financing Activities	
(1,554)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,417)
(23,140)	Capital grants and contributions applied to capital financing	(16,458)
(24,694)		(20,875)
41,199	Net Cash Inflows from Operating Activities *	36,916
(38,217)	Purchase of property, plant and equipment, investment property and intangible assets	(89,763)
(12,500)	Purchase of Short Term and Long Term Investments	0
(425)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6,072
23,899	Capital grants, receipts and contributions applied to capital financing	17,172
(27,243)	Net Cash Outflow from Investing Activities	(66,519)
0	Cash receipts of short and long-term borrowing	4,000
(3,533)	Cash repayments of short and long-term borrowing	(2,384)
(4,800)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	34,369
593	Other receipts from financing activities	478
(7,740)	Net Cash In/(Outflows) from Financing Activities	36,463
6,216	Net Increase / (Decrease) in Cash and Cash Equivalents	6,860
4,702	Cash and Cash Equivalents at the Beginning of the Reporting Period	10,918
10,918	Cash and Cash Equivalents at the End of the Reporting Period	17,778

The cash flows from operating activities in 2021/22 include interest received of £0.366 million (2020/21, £0.859 million) and interest paid of £17.638 million (2020/21, £17.156 million).

Notes to the Accounts

Note 1 – Summary of significant Accounting Policies

A(i). General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 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.

E. Charges to Revenue for Non-Current Assets

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

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

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

F. Employee Benefits

Benefits Payable During Employment

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

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of

Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post Employment Benefits

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

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

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

- a) Scottish Teachers Pension Scheme

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

- b) The Local Government Pension Scheme

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

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

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

- current service cost – the increase in liabilities as a result of years of service earned this year. These are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked at 31 March;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Other Services;

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. These are debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. These are credited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains / losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. These are debited / credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Other Services;
- re-measurements of the net pension liability – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Pensions Reserve; and
- contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense within the Comprehensive Income & Expenditure Statement, rather per IAS 19 the increase or decrease in pension cost liability is shown. This is offset through the Movement on Reserve Statement.

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

Discretionary Benefits

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

G. Events After the Reporting Period

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

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

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

H. Financial Liabilities

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

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

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

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

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

I. Financial Assets

Loans and Receivables

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

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

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

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

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

Available-for-Sale Assets

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

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

Assets are maintained in the Balance Sheet at fair value. Information regarding the Council's approach to calculating fair values is contained in note 29, however the following broad principles can be noted:-

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

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

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

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

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

J. Foreign Currency Transactions

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

K. Government Grants and Contributions

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

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

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

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

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

L. Intangible Assets

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

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

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

Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

M. Interests in Companies and Other Entities

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

N. Inventories

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

O. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued as part of the 5 year rolling programme according to market conditions at time of revaluation. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

P. Jointly Controlled Operations and Jointly Controlled Assets

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

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

Q. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:-

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:-

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

Operating Leases

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

R. Overheads

The costs of overheads are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP).

S. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:-

- the purchase price;

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Disposals

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of

the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Depreciation

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

Depreciation is calculated on the following bases:-

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

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

Componentisation

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

Criteria for Assessment for Componentisation

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

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

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

Asset Components

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

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

In this regard, the following components have been established:

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

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

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

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

T. Heritage Assets

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

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

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

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

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

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

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

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

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

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the operator (the profile of write-downs is calculated using the same principals 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 AssetsProvisions

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. They are 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.

Z. 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.

During the year the Council reviewed its approach to Capital Accounting on Common Good assets and introduced an alternative accounting treatment for the use of depreciation statutory adjustments on the Common Good Funds, details of this can be found in report 138/21.

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.

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

The Code requires disclosure of the impact of an accounting change that will be required by a new standard that has been issued by not yet adopted. The following accounting standards, relevant to Angus Council, have been issued but not yet been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in 2022/23 year).
- Annual improvements to IFRS standards 2018-2020. The annual IFRS improvement programme noted 4 changed standards, only 1 will relate to Angus Council:
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.

IFRS 16 Leases will require local authorities that are lessees to recognise these leases on their balance sheet as right-of-use assets, along with the corresponding lease liabilities (with the exception being low value and short-term leases). The Council had commenced preparation for the original implementation date 1 April 2020. A decision has subsequently been considered by the government's Financial Reporting Advisory Board (FRAB) and their advice to CIPFA/LASAAC was a further deferral of IFRS 16 Leases implementation until 1 April 2024. The Code had to allow and encourage local authorities to adopt the standard in the preceding report periods. Work will continue in the the 2022/23 financial year to determine the impact of IFRS 16, however this is unknown at this time.

Note 3 - Critical Judgements in Applying Accounting Policies

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

Public Sector Funding

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

Employee Benefits

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

Council Tax Provision

The bad debts provision is based on an average of the lowest five collection years since 1993/94. This careful and prudent approach protects against any significant detrimental changes to payment patterns including those which may arise from the current cost of living challenges for Angus taxpayers.

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.

Scottish Government COVID-19 Business Grants

Income and expenditure in relation to Scottish Government COVID-19 Business Grants has been accounted for on the basis that Angus Council has acted as an Agent on behalf of the Scottish Government. The council used the updated LASAAC guidance to inform judgement to account for these grants on an agency basis. This means that the receipt and distribution of the grant funding is excluded from the Comprehensive Income and Expenditure Statement.

Asset Valuations

The Council employs professional valuers who are registered with the Royal Institution of Chartered Surveyors. These valuers carry out regular reviews of the value of assets reported in the Balance Sheet and any significant changes in value are processed as asset revaluations or impairments. These values are based on their professional opinion

using available market information at the time of assessment. As at 31 March 2022, property market transaction volumes and other relevant evidence have returned to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the professional valuers are not reporting any 'material valuation uncertainty' in determining the valuation of the Council's assets at 31 March 2022.

However, the valuer indicated in his valuation report that assets valued on a DRC basis between 2018 and 2021 would be understated. The net book value of assets on the balance sheet covered by this statement was £152.9 million.

External Audit requested that the council work with the valuer to determine the value of this understatement and adjust the accounts accordingly to ensure the balance sheet was not materially misstated. This resulted in an adjusted increase to the non current assets of £38.3 million.

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance on those assets not funded through the Housing Revenue Account, bringing into doubt the useful lives assigned to non-housing assets. The carrying amount of PPE at 31 March 2022 is £1,014.752 million.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase for every year that useful lives had to be reduced. (See note 11 and policy S)
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. Turbulence in world markets arising from the COVID-19 pandemic has created medium-term uncertainty about scheme assets. A firm of consulting actuaries is engaged to provide the Tayside Pension Fund with expert advice about the assumptions to be applied. The net pension liability at 31 March 2022 is £22.665m.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £16.5 million. Although the effect on the net pension liability of changes in assumptions can be measured, the assumptions interact in complex ways. Movements in corporate bond yields and inflation can have a significant impact on the discount rate used to calculate pension liabilities. This in turn can have a substantial impact on the IAS19 balance sheet position.
Inflation	Inflation increased significantly during 2021/22 and, in particular, for certain commodities such as energy and construction materials. This has continued into 2022/23 and has the potential to impact upon the Council's energy budget, pay settlements and capital programme. Future inflation levels are highly uncertain at present beyond the UK Government's long-term aim of a 2% target. The only aspect of the Council's accounts dependent upon future inflation levels are the assessments of assets and liabilities pertaining to the pension schemes.	The assumptions with regard to inflation are set out in Note 21 (Defined Benefit Pension Schemes). A sensitivity analysis is also set out in Note 21 to demonstrate the impact of changes in factors related to inflation eg. pay increases.

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

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

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

2021/22	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Funds £000	Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	36,061	13,085	0	0	(49,146)
Revaluation losses on property Plant and Equipment	(1,908)	0	0	0	1,908
Capital grants and Contributions applied	(13,143)	(2,503)	(581)	0	16,227
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	279	(392)	0	0	113
Statutory provision for the financing of capital investment	(8,785)	(1,239)	0	0	10,024
Capital expenditure charged against the General Fund and HRA balances - CFCR	(2,439)	(10,187)	0	(2,587)	15,213
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(812)	0	812	0	0
Other Adjustments	32	54	0	0	(86)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(1,850)	1,850
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	(136)	0	0	0	136
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	22,284	856	0	0	(23,140)
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	(280)	6	0	0	274
Total Adjustments	31,153	(320)	231	(4,437)	(26,627)

Comparative Figures in 2020/21	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Funds £000	Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	32,126	12,234	0	0	(44,360)
Revaluation losses on property Plant and Equipment	4,404	0	0	0	(4,404)
Capital grants and Contributions applied	(18,470)	(4,670)	(605)	0	23,745
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	(288)	(161)	0	0	449
Statutory provision for the financing of capital investment	(11,242)	(1,443)	0	0	12,685
Capital expenditure charged against the General Fund and HRA balances - CFCR	(8,131)	(7,647)	0	1,523	14,255
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	1,412	0	(1,412)
Capital Receipts for leases	0	0	0	(9)	9
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	303	(303)
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(144)	0	0	0	144
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	21,859	914	0	0	(22,773)
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	652	4	0	0	(656)
Total Adjustments	20,766	(769)	807	1,817	(22,621)

Note 6 - Transfers to/from Earmarked Reserves

This note sets out the amounts earmarked in the General Fund and HRA reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

Usable Reserves	Opening Balance at 1/4/21 Restated £000	Transfer Out 21/22 £000	Transfers In 21/22 £000	Closing Balance at 31/3/22 £000
Sub Total General Fund	49,332	(30,347)	37,222	56,207
Housing Revenue Account	5,374	(1,004)	0	4,370
Total General Fund	54,706	(31,351)	37,222	60,577
Insurance Fund	1,501	0	91	1,592
Renewal and Repairs Fund	1,621	(123)	0	1,498
Capital Funds	6,012	(3,024)	0	2,988
Capital Grants Unapplied	2,612	(1,484)	0	1,128
Total	66,452	(35,982)	37,313	67,783
General Fund Commitments				
Working Balance/Contingency (per existing policy)	4,705	(5)	0	4,700
Applied in 2022/23 Budget Setting	4,891	(4,891)	6,185	6,185
Future years reserve strategy	1,000	0	2,000	3,000
2021/22 COVID-19 Response (285/21)	0	0	2,500	2,500
Severance Costs	1,162	(115)	0	1,047
Provision for Participatory Budgeting	404	(142)	0	262
Saving on debt charges, (committee report 64/18 refers)	1,042	0	1,283	2,325
Change Fund (committee report 83/14 refers)	871	(298)	100	673
Tay Cities Deal Fund	694	(346)	0	348
Investment Projects (approved as part of 2019/20 budget setting)	523	(289)	0	234
Service Developments (approved as part of 2020/21 budget setting)	1,048	(440)	0	608
Prior Year 100 % Carry forward Requests	2,613	(473)	900	3,040
Ringfenced Grants received in 2021/22 that need to be earmarked for future drawdown as per accounting regulations	6,874	(6,874)	6,697	6,697
Prior Year Non COVID-19 Redetermination Monies	681	(49)		632
2020/21 Non COVID-19 Redeterminations Monies	392	(392)	0	0
2020/21 COVID-19 Redetermination Monies which are committed for specific projects	5,260	(4,252)	0	1,008

2021/22 Non COVID-19 Redetermination Monies	0	(7,670)	10,540	2,870
2021/22 COVID-19 Redetermination Monies	0	(1,190)	3,845	2,655
Consolidation of the Living Wage – Pay & Grading	0	0	350	350
Return of IJB Reserves	0	0	548	548
ANGUSalive – Income Generation uncertainty/inability to deliver 2020/21 savings targets in Change Programme	458	0	265	723
Museums Collection Fund	7	0	0	7
Welfare Reform Fund	698	0	65	763
Discretionary Housing Payments Funding C/fwd	0	0	244	244
Affordable Housing Revenue Account	2,946	(366)	362	2,942
Demolition of Lochside Leisure Centre	427	(50)	0	377
Approved 2020/21 100% Revenue Budget Carry Forwards	2,747	(2,747)	907	907
COVID-19 Contingency agreed per report 211/20	2,057	(465)	131	1,723
Car Park Reserve	357	(91)	1	267
Arbroath Harbour Reserve	180	0	14	194
Specific Reserves	231	0	1	232
Devolved School Management Scheme	1,011	(1,011)	1,502	1,502
Total	43,279	(32,156)	38,440	49,563

Note 7 - Financing and Investment Income and Expenditure

2020/21 £000		2021/22 £000
17,147	Interest payable and similar charges	17,647
3,446	Net Interest on the defined benefit liability	1,176
(722)	Interest receivable and similar income	(469)
0	(Income)/expenditure in relation to investment properties and changes in their fair value	0
(478)	Share of Tayside Contracts (Surplus)/Deficit	(478)
19,393	Total Expenditure	17,876

Note 8 - Taxation and Grant Incomes

2020/21 £000		2021/22 £000
	Revenue tax and grant income:	
(52,071)	Council tax income	(52,883)
(17,768)	Non domestic rates	(19,781)
(212,161)	Scottish Government Revenue Grants	(213,344)

	Capital grants and contributions:	
(12,296)	Scottish Government General Capital Grant	(10,545)
(9,376)	Scottish Government Specific Capital Grants	(3,664)
(1,411)	Other capital grants	(1,284)
(57)	Other capital contributions	(964)
(305,140)	Total Income	(302,465)
	Credited to Services:	
(20,183)	Housing Benefit Grants	(18,527)
(269)	Educational Maintenance Allowance Grant	(280)
(218)	Discretionary Housing Payments	(155)
(1,934)	Criminal Justice Social Work Grant	(1,993)
(8,988)	Early Learning and Childcare Grant	(10,067)
(2,184)	Pupil Equity Fund/Attainment Scotland Fund	(2,619)
(2,039)	COVID-19 Service Specific Grants	0
(147)	Scottish Government General Capital Grant for Capital Expenditure on 3 rd Party Assets	(322)
(35,962)	Total	(33,963)

Note 9 – Expenditure and Funding Analysis

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

2020/21				2021/22		
Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding & the Accounting Basis	Net Spend CIES		Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding & the Accounting Basis	Net Spend CIES
£000	£000	£000		£000	£000	£000
106,410	18,084	124,494	Education & Lifelong Learning	113,137	19,062	132,199
19,300	7,713	27,013	Vibrant Communities & Sustainable Growth	21,465	8,104	29,569
18,737	2,123	20,860	Children, Families & Justice	20,045	2,788	22,833
11,928	11,577	23,505	Infrastructure Services	13,363	11,905	25,268
6,289	2,727	9,016	Strategic Policy, Transformation & Public Sector Reform	7,425	2,409	9,834
6,518	2,037	8,555	Human Resources, Digital Enablement, Information Technology & Business Support	7,084	2,454	9,538
3,355	978	4,333	Finance	2,820	956	3,776
2,262	436	2,698	Legal & Democratic Services	2,622	541	3,163

8,630	200	8,830	Other Services	8,521	624	9,145
1,848	4,539	6,387	Facilities Management	1,940	697	2,637
8	0	8	Corporate Items	0	0	0
813	0	813	Joint Boards	800	0	800
48,976	5,340	54,316	Adult Services	54,418	5,450	59,868
235,074	55,754	290,828	General Fund Net Expenditure	253,640	54,990	308,630
(13,646)	12,993	(653)	Housing Revenue Account (HRA)	(12,570)	13,938	1,368
221,428	68,747	290,175	Net Cost of Services	241,070	68,928	309,998
(285,747)	(449)	(286,196)	Other (income)/Expenditure	(284,589)	(113)	(284,702)
(64,319)	68,298	3,979	(Surplus) or Deficit on Provision of Services	(43,519)	68,815	25,296
(38,490)	(41,997)	(80,487)	Other Comprehensive (Income)/Expenditure	(42,186)	(41,982)	(84,168)
(102,809)	26,301	(76,508)	Total Comprehensive (Income)/Expenditure	(85,705)	26,833	(58,872)

2020/21		2021/22		
Total General Fund and HRA £000		General Fund £000	HRA £000	Total General Fund and HRA £000
40,465	Opening General Fund and HRA Balance	49,332	5,374	54,706
(3,979)	Less/Plus Surplus or Deficit on Provision of Services	(25,248)	(48)	(25,296)
18,220	Transfer to/from Other Reserves	32,123	(956)	31,167
54,706	Closing General Fund and HRA Balance	56,207	4,370	60,577

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

2021/22				
Adjustments from the General Fund to Arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education & Lifelong Learning	14,556	4,895	(389)	19,062
Vibrant Communities & Sustainable Growth	4,820	3,261	23	8,104
Children, Families & Justice	119	2,651	18	2,788
Infrastructure Services	10,526	1,369	10	11,905
Strategic Policy, Transformation & Public Sector Reform	1,335	1,069	5	2,409
Human Resources, Digital Enablement, Information Technology & Business Support	1,004	1,440	10	2,454
Finance	0	950	6	956
Legal & Democratic Services	22	514	5	541
Other Services	534	90	0	624
Facilities Management	659	38	0	697
Corporate Items	0	0	0	0
Adult Services	578	4,840	32	5,450
Total Angus Council Services	34,153	21,117	(280)	54,990
Tayside Joint Valuation Board	0	0	0	0
General Fund Net Expenditure	34,153	21,117	(280)	54,990
Housing Revenue Account (HRA)	13,085	847	6	13,938
Net Cost of Services	47,238	21,964	(274)	68,928
Other Income & Expenditure	(113)	1,176	(43,158)	(42,095)
Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service	47,125	23,140	(43,432)	26,833

2020/21				
Adjustments from the General Fund to Arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education & Lifelong Learning	13,564	3,947	573	18,084
Communities	4,738	2,959	16	7,713
Children, Families & Justice	173	1,937	13	2,123
Infrastructure	10,306	1,264	7	11,577
Strategic Policy, Transformation & Public Sector Reform	1,790	934	3	2,727
Human Resources, Digital Enablement, Information Technology & Business Support	777	1,253	7	2,037
Finance	0	972	6	978
Legal & Democratic Services	21	412	3	436
Other Services	73	126	1	200
Facilities Management	4,503	36	0	4,539
Corporate Items	0	0	0	0
Adult Services	585	4,732	23	5,340
Total Angus Council Services	36,530	18,572	652	55,754
Tayside Joint Valuation Board	0	0	0	0
General Fund Net Expenditure	36,530	18,572	652	55,754
Housing Revenue Account (HRA)	12,234	755	4	12,993
Net Cost of Services	48,764	19,327	656	68,747
Other Income & Expenditure	(449)	3,446	(45,443)	(42,446)
Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Service	48,315	22,773	(44,787)	26,301

Adjustments for Capital Purposes

This column includes depreciation and impairment of non-current assets, amortisation of intangible assets and gain on disposal of non-fixed assets.

Pensions Adjustments

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

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement relates to the Employee Benefit Accrual.

Note 10 - External Audit Costs

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

2020/21 £000		2021/22 £000
261	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	263

Note 11 - Property, Plant and Equipment

Movements in 2021/22

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Net Book Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2021	323,046	359,639	14,521	136,995	4,543	3,991	21,984	864,719	116,642

Additions	19,032	45,342	3,226	7,545	255	0	13,769	89,169	746
Depreciation Charge	(12,946)	(21,117)	(3,623)	(10,816)	(66)	(199)	0	(48,767)	(6,803)
Revaluation increases/ (decreases) recognised in the RRA	651	109,932	0	0	0	0	0	110,583	0
Revaluation increases/ (decreases) recognised in the NCS	0	3,178	0	0	0	0	0	3,178	0
Disposals /Demolitions	(2,850)	(785)	(318)	0	0	28	0	(3,925)	0
Reclassified as Assets Held for Sale	0	0	0	0	0	0	0	0	0
Reclassified Assets	120	(490)	(130)	(35)	0	330	0	(205)	0
31 March 2022	327,053	495,699	13,676	133,689	4,732	4,150	35,753	1,014,752	110,585
Gross Book Value	352,027	514,142	59,921	See note below	5,438	5,604	35,753	see note below	163,535
Accumulated Depreciation & Impairment	(24,974)	(18,443)	(46,245)		(706)	(1,454)	0	see note below	(52,950)
Net Book Value at 31 March 2022	327,053	495,699	13,676	133,689	4,732	4,150	35,753	1,014,752	110,585

In relation to Infrastructure Assets the Council has elected to apply both statutory overrides allowed in Scottish Government Finance Circular 9/2022 (Statutory Override – Accounting for Infrastructure Assets). These constitute:

- Omission of the reporting of Gross Cost and Accumulated Depreciation and Impairment balances for infrastructure assets. On this basis the cross sub-total for Property, Plant and Equipment is also excluded. This has also been applied to the 2020/21 comparatives below.
- The existing carrying amount of a replaced infrastructure asset is treated as zero when replaced.

Comparative Movements in 2020/21

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Net Book Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
31 March 2020	326,574	343,610	13,751	139,597	4,597	5,189	17,618	850,936	119,614
Additions	7,618	10,740	4,643	8,285	85	0	9,129	40,500	2,199
Depreciation Charge	(12,083)	(18,525)	(3,600)	(10,369)	(33)	(336)	0	(44,946)	(5,171)
Revaluation increases/ (decreases) recognised in the RRA	(617)	41,579	0	0	0	37	0	40,999	0
Revaluation increases/ (decreases) recognised in the NCS	0	(5,500)	0	0	0	0	0	(5,500)	0
Disposals /Demolitions	(28)	(157)	(273)	0	0	(503)	0	(961)	0
Reclassified Assets Held for Sale	0	(134)	0	0	0	0	0	(134)	0
Reclassified Assets	1,582	1,838	0	(552)	0	0	(4,763)	(1,895)	0
Transfer to the Common Good	0	(13,103)	0	0	0	0	0	(13,103)	0

Other Movements	0	(709)	0	34	(106)	(396)	0	(1,177)	0
31 March 2021	323,046	359,639	14,521	136,995	4,543	3,991	21,984	864,719	116,642
Gross Book Value	335,128	403,753	58,608	see note above	5,179	5,335	21,984	see note above	162,789
Accumulated Depreciation & Impairment	(12,082)	(44,114)	(44,087)	see note above	(636)	(1,344)	0	see note above	(46,147)
Net Book Value at 31 March 2022	323,046	359,639	14,521	136,995	4,543	3,991	21,984	864,719	116,642

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The 2021/22 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2021/22 is the third year of the current programme and valuations for 2021/22 were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

As part of our 5 year revaluation plan, the assets that were valued in 2021/22 were landward schools and industrial land & buildings. Due to the risk around previous depreciated replacement cost (DRC) valuations around the impact of inflation, specifically on construction costs, the Council revalued any assets which require DRC method of valuation with a value of over £1m that were not already valued in 2021/22.

A 5 year valuation plan was agreed with Property Asset colleagues and the External Valuer for the period 2019/20 to 2023/24. Assets which will be revalued as part of 2022/23 annual accounts will be off street car parks, museums, halls, theatre and libraries.

Note 12 – Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	Tangible Heritage Assets			Total Assets
	Museum Fine Art	Museum Other Collections	Civic Regalia	
	£000	£000	£000	
Valuation at 31 March 2021	5,070	700	100	5,870
Valuation at 31 March 2022	5,070	700	100	5,870

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

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

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

There are no transactions relating to Heritage Assets to be disclosed in the 2021/22 Accounts.

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

		Valuation at 31 st March 2022 £000
Fine Art Collection		
Painting, The Adoration of the Magi	Pieter Breugel	2,300
Painting, St John Preaching in Wilderness	Pieter Breugel	2,000
		770

Others		
Total Fine Art Collection		5,070
Other Collections & Civic Regalia		800
Total Heritage Assets in Balance Sheet		5,870

Note 13 – Long Term Debtors

2020/21 £000		2021/22 £000
165	Housing Advances	36
2,776	Police Scotland Loan	2,232
233	Common Good	194
3	Empty Homes Initiative	1
3,177	Total Long Term Debtors	2,463

Note 14 – Short Term Debtors

2020/21 £000		2021/22 £000
2,502	Local Taxation	2,753
8,962	Trade Customers	6,512
609	Related Parties (note 22)	1,623
22,200	Others	14,468
34,273	Total Short Term Debtors	25,356

Note 15 - Cash and Cash Equivalents

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

2020/21 £000		2021/22 £000
32	Cash held by the Council	35
(2,085)	Bank Overdraft	(341)
12,971	Cash Investments	18,084
10,918	Total Cash and Cash Equivalents	17,778

Note 16 – Short Term Creditors

2020/21 £000		2021/22 £000
(662)	Local Taxation	(806)
(27,233)	Trade Payables	(28,675)

(22,703)	Other Payables	(18,717)
(4,210)	Public Finance Initiatives	(4,098)
(7,646)	Related Parties (note 22)	(11,354)
(62,454)	Total Short Term Creditors	(63,650)

Note 17 - Unusable Reserves

31 March 2021 £000		31 March 2022 £000
187,677	Revaluation Reserve Account	296,159
429,228	Capital Adjustment Account	428,788
(781)	Financial Instruments Adjustment Account	(645)
(65,702)	Pensions Reserve	(22,665)
(6,323)	Accumulated Absences Account	(6,049)
544,099	Total Unusable Reserves	695,588

Revaluation Reserve Account (RRA)

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

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

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

2020/21 £000		2021/22 £000
154,200	Balance at 1 April	187,677
35,088	Upward revaluation of assets	114,783
(431)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,931)
(1,180)	Difference between fair value depreciation and historical cost depreciation	(3,370)
187,677	Balance at 31 March	296,159

Capital Adjustment Account

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

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

on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

2020/21 £000		2021/22 £000
435,729	Balance at 1 April	429,228
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(48,764)	Charges for depreciation and impairment of non-current assets	(49,373)
449	Revaluation gain/losses on Property, Plant and Equipment	2,135
0	Amortisation of intangible assets	0
	Revenue expenditure funded from capital under statute	
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	113
1,180	Adjusting amounts written out of the Revaluation Reserve	3,370
	Capital financing applied in the year:	
788	Use of the Capital Receipts Reserve to finance new capital expenditure	1,850
(1,161)	Unapplied Capital Receipts	0
9	Capital receipt for finance lease	0
21,728	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	15,646
605	Application of grants to capital financing from the Capital Grants Unapplied Account	581
12,685	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	10,024
14,255	Capital expenditure charged against the General Fund and HRA balances	15,213
(8,343)	Transfer of Assets from General Fund to Common Good as per new legislation	0
68	Other Adjustment	1
429,228	Balance at 31 March	428,788

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage historic premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but if appropriate are reversed out of the General Fund Reserve to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Reserve in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance of premiums currently on the Account at 31 March 2022 will be charged to the General Fund over the next 7 years.

2020/21 £000		2021/22 £000
(925)	Balance at 1 April	(781)
138	Proportion of premiums incurred in previous financial years to be charged against the General Fund Reserve in accordance with statutory requirements	129
6	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	7
(781)	Balance at 31 March	(645)

Pensions Reserve

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

2020/21 £000		2021/22 £000
(88,758)	Balance at 1 April	(65,702)
45,829	Re-measurement of net pensions liability	66,177
(22,773)	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	(23,140)
(65,702)	Balance at 31 March	(22,665)

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.

2020/21 £000		2021/22 £000
(5,667)	Balance at 1 April	(6,323)
(656)	Amounts accrued at the end of the current year	274
(6,323)	Balance at 31 March	(6,049)

Note 18 - Termination Benefits

The Council terminated the contracts of a number of employees in 2021/22 but these did not incur liabilities (£0.058 million in 2020/21). Further detail is provided in the Remuneration Report, page 40, table 2.

Note 19 – Councillor Remuneration, Allowances and Expenses

2020/21 £000		2021/22 £000
589	Remuneration	605
0	Allowances	0
2	Expenses	11
591	Total	616

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

Teachers employed by the council are members of the Scottish Teachers' Pension Scheme (STPS) administered by the Scottish Government (Scottish Public Pensions Agency) and is a multi-employer scheme. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Angus Council does not underwrite any other entities' liabilities in the scheme.

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

In 2021/22, the employer's rate of contribution was 23.0% and the amount paid over in respect of employer's contributions was £11.837 million (£11.820 million in 2020/21, 23.0%). The estimated value of employer contributions payable to teachers pension scheme in 2022/23 is £11 million.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for as unfunded obligations and payments in Note 21 below.

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

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

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

In 2021/22 the council paid employer contributions totalling £13.347 million (£12.507 million in 2020/21) representing 17.3% of employees' pensionable pay.

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

In 2021/22, the council paid £0.929 million in unfunded discretionary benefits (£1.016 million in 2020/21). No awards of unfunded discretionary benefits were made in 2021/22 (£0.058 million in 2020/21).

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

It is not possible to identify the extent to which a surplus or deficit in the scheme may affect the amount of future contributions.

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 2022 there was a Pension Liability of £22.665 million with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2022 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 2022, there would have been a shortfall of some £22.665 million. The Pension Liability of £22.665 million compares with £65.702 million for the previous year – a favourable movement of £43.037 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.

Amendments to the IAS19 standard now requires that, when determining any past service cost or gain or loss on settlement, the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. The amendment does, however, note that the extra remeasurement does not need to be applied where the application of that remeasurement is immaterial. As requested by the Employer we have treated 1 event, which occurred over the accounting period, as a material 'special event'.

Transactions Relating to Post-employment Benefits

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

Year to 31 Mar 2021 £000	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2022 £000
32,612	Service cost	35,900
238	Administration expenses	340
	Financing and Investment Income and Expenditure	
3,446	Net interest on the defined liability /(asset)	1,176
36,296	Total Recognised in the Comprehensive Income & Expenditure Account	37,416
	The amounts recognised in the Movement on Reserves Statement:-	
(22,773)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(23,140)
13,523	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	14,276
12,507	Employer's contributions payable to scheme	13,347
1,016	Retirement benefits payable to pensioners	929

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

Net Pension Asset as at	31 Mar 2022 £000	31 Mar 2021 £000	31 Mar 2020 £000
Present value of the defined benefit obligation	896,273	899,034	723,330
Fair Value of plan assets	(884,415)	(845,033)	(644,401)
Sub-Total	11,858	54,001	78,929
Present value of unfunded obligation	10,807	11,701	9,829
Net liability arising from defined benefit obligation	22,665	65,702	88,758

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

Year to 31 March 2021 £000		Year to 31 March 2022 £000
733,159	Opening Balance at 1 April	910,735
32,485	Current service cost	35,900
14,197	Interest cost	18,011
181,537	Actuarial (gains)/losses arising from changes in financial assumptions	(39,019)
(13,995)	Actuarial (gains)/losses arising from change in demographic assumptions	0
(18,292)	Experience (gain)/loss on defined benefit obligation	1,917
(21,889)	Estimated benefits paid net of transfers in	(24,181)
127	Past service costs, including curtailments	0
4,451	Contributions by Scheme participants and other employers	4,647
(1,045)	Unfunded pension payments	(930)
910,735	Closing Balance at 31 March	907,080

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

Year to 31 March 2021 £000		Year to 31 March 2022 £000
644,401	Opening Balance at 1 April	845,033
10,751	Interest on assets	16,835
198,972	Return on assets less interest	29,511
(3,870)	Other actuarial gains/(losses)	0
(238)	Administration expenses	(340)
13,500	Contributions by employer including unfunded	13,840
4,451	Contributions by Scheme participants and other employers	4,647
(22,934)	Estimated benefits paid plus unfunded net of transfers in	(25,111)
845,033	Closing Balance at 31 March	884,415

- Please note that the £13.840 million above is an estimated amount used by the Actuary in the preparation of the IAS 19 report and the actual amount of £14.276 million has been reflected through the CIES. This produces a difference of £0.436million which is due to timing differences of when they collate data for the preparation of the Actuarial report.

Local Government Pension Scheme Assets

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

Detailed Fund Asset Share	28 February 2022 %
Equities	
Consumer	7.8
Manufacturing	2.6
Energy & Utilities	1.8
Financial Institutions	7.6
Health and Care	5.8
Information Technology	8.0
Others	10.6
Debt Securities	
Corporate Bonds (investment grade)	13.3
Corporate Bonds (non-investment grade)	-
UK Government	0.6
Others	0.4
Private Equity	
All	-
Real Estate	
UK Property	10.8
Overseas Property	-
Investment Fund and Unit Trusts	
Equities	25.8
Bonds	2.5
Hedge Funds	-
Commodities	-
Infrastructure	-
Others	0.3
Derivatives	
Inflation	-
Interest Rate	-
Foreign Exchange	(0.1)
Other	0.0
Cash and Cash Equivalents	
All	2.2
TOTAL	100.0

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

Asset Breakdown	31 March 2022 % Quoted	31 March 2022 % Unquoted
Fixed Interest Government Securities		
UK	4.1%	-
Overseas	0.6%	-
Index Linked Government Securities		
UK	-	-
Overseas	-	-
Corporate Bonds		
UK	1.7%	2.1%
Overseas	8.2%	-
Equities		
UK	10.7%	-
Overseas	32.8%	27.3%
Property	10.9%	-

Derivatives	0.1%	-
Cash/Temporary Investments	1.7%	-
Debtors	0.6%	-
Creditors	-0.7%	-
TOTAL	70.7%	29.4%

The estimated asset breakdown for Angus Council as at 31 March 2022 is as follows:

31 March 2021 £000	31 March 2021 %	Asset Breakdown	31 March 2022 £000	31 March 2022 %
605,081	72%	Equities	626,275	71%
33,414	4%	Gilts	41,644	5%
110,298	13%	Other Bonds	105,581	12%
77,235	9%	Property	96,443	11%
17,800	2%	Cash	13,579	1%
1,205	0%	Alternatives	893	0%
845,033	100%	TOTAL	884,415	100%

Re-measurements in Other Comprehensive Income

Year to 31 March 2021 £000	Re-measurement of the net assets/(defined liability)	Year to 31 March 2022 £000
198,972	Return on Fund assets in excess of interest	29,511
(3,870)	Other actuarial gains/(losses) on assets	-
(181,537)	Change in financial assumptions	39,019
13,995	Change in demographic assumptions	-
18,292	Experience gain/(loss) on defined benefit obligation	(1,917)
45,852	Re-measurements of the net assets/(defined liability)	66,613

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about life expectancy rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Tayside Pension Fund being based on the latest full valuation of the scheme as at 31 March 2020, rolled forward for various financial assumptions that comply with IAS 19. The significant assumptions used by the actuary for the purposes of IAS 19 calculations are as follows:-

Local Government Pension Scheme		Local Government Pension Scheme
2020/21		2021/22
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
18.9	Men	18.9
22.2	Women	22.3
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
20.2	Men	20.3
23.8	Women	23.9
2.70%	Rate of Inflation - Retail Price Index	3.55%
3.8%	Rate of increase in salaries	4.20%
2.005%	Rate for discounting scheme liabilities	2.60%
2.80%	Pension Increases CPI	3.20%

Sensitivity Analysis

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

	Increase in Assumption £000	Decrease in Assumption £000
Life expectancy (increase or decrease by 1 year)	45,362	(43,067)
Rate of increase in salaries (increase or decrease by 0.1%)	2,394	(2,376)
Rate of increase in pensions (increase or decrease by 0.1%)	14,324	(14,056)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(16,511)	16,833

Impact on Future Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2023 and will set contributions for the period from 1 April 2024 and 31 March 2027. There are no minimum funding requirements in the Local Government Pension Scheme but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The weighted average duration of the defined benefit obligation for scheme members is 19 years (2020/21: 19 years)

The Projected Pension Expense for the year to 31 March 2023 are as follows:-

Projections for the year to 31 March 2023	Year to 31 March 2023 £000
Service Cost	31,950
Net Interest on the defined liability (asset)	411
Administration expenses	339
Total	32,700
Employer Contributions	12,910

Note 22 - Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Scottish Government

The Scottish Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 8.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' remuneration, allowances and expenses paid in 2021/22 is shown in Note 19.

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

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

Entities Controlled or Significantly Influenced by Angus Council

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

- Angus Integration Joint Board – is a formal partnership between NHS Tayside and Angus Council as described

in the Angus IJB Integration Scheme. That Integration Scheme describes the health and social care functions that have been delegated by the Parties to Angus IJB from 1st April 2016;

- Tayside Contracts – is a joint local Council trading organisation which operates under a Joint Committee. Angus Council procures work from Tayside Contracts and each of the three constituent councils receive a share of annual surpluses from Tayside Contracts which can then be reinvested in services. Angus Council has a share of the assets and liabilities of the organisation and has representation on the Joint Committee thus the organisation is deemed to be significantly influenced by the Council;
- Dundee City Council (DCC) – Payments for MEB Waste Processing – Old DERL waste to energy plant bought by MEB (privately owned company) to build a new plant whilst running old facility in tandem. Angus Council via an inter-authority agreement with DCC have a contract with MEB regarding waste treatments but DCC is the lead Council and pays all charges and recharges on behalf of Angus Council;
- ANGUSalive is a limited company and registered Scottish Charity to which the Council transferred its culture, leisure and access office services. Libraries, museums, galleries, archives, sport & leisure facilities, country parks, community halls, access offices and the Webster Theatre are all now managed by ANGUSalive. The company is deemed to be significantly influenced by the Council through its contractual relationship;
- East of Scotland European Consortium (ESEC) – the consortium was formed in 1991 and disbanded on 31 March 2022. The consortium comprised 7 local authorities, each of whom paid an annual contribution. During 2021/22 the consortium was deemed to be significantly influenced by the Council through its representation on the Board.
- Tayside Procurement Consortium (TPC) – the Consortium was formed in 2006 and comprises Angus, Dundee and Perth & Kinross councils. Each council contributes towards the running costs. The Consortium is deemed to be significantly influenced by the Council through its representation on the Steering Group.
- Voluntary Action Angus (VAA) – a local organisation supporting and leading the third sector in Angus. It is recognised by Scottish Government, Angus Community Planning Partnership and Angus Council as fulfilling a key role in ensuring the continued development of a vibrant third sector in Angus. VAA works in partnership with Angus Council and Angus Health and Social Care Partnership.
- Citizens Advice Bureau (CAB) – Angus Council has a service level agreement arrangement with CAB to provide advice and a number of supports and services to Angus Council residents. This could include general advice on benefits, consumer rights, education and employment rights etc. They also offer a debt advice service to the citizens of Angus.

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

Table 1 - Related Parties

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

2020/21 Expenditure £000	2020/21 Income £000		2021/22 Expenditure £000	2021/22 Income £000
		Other Public Bodies		
69,238	69,238	Angus Integration Joint Board	72,906	72,906
813	0	Valuation Board – Requisition	800	0
0	478	Tayside Contracts – Share of Surplus and associated interest	0	478
21,047	0	Tayside Contracts – Contracts undertaken	23,840	0
6,010	48	Dundee City Council – Angus Council payment for MEB waste processing	6,089	1,050
0	5,887	NHS Tayside - Resource transfer	0	5,887
16,692	0	STPS – Scottish Teachers Pension Scheme	16,737	0
		Entities Controlled or Significantly Influenced by Angus Council		
		ANGUSalive		
5,377	474	Contributions to/from company	5,724	298
		East of Scotland European Consortium		
7	0	Contribution due to the Consortium	7	0
		Tayside Procurement Consortium		
218	145	Contribution due to the Consortium	61	0
		Voluntary Action Angus (VAA)		
268	0	Contributions	317	10

		Citizens Advice Bureau			
136	0	Contributions		136	0
119,806	76,270	Total		126,617	80,629

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.

2020/21 Creditors (note 16) £000	2020/21 Debtors (note 14) £000		2021/22 Creditors (note 16) £000	2021/22 Debtors (note 14) £000
Other Public Bodies				
4,532	0	Angus Integration Joint Board	5,652	0
0	478	Tayside Contracts – Share of Surplus and associated interest	0	478
1,231	0	Tayside Contracts – Contracts undertaken	3,287	0
480	48	Dundee City Council – Angus Council payment for MEB waste processing	504	1,050
1,403	0	STPS – Scottish Teachers Pension Scheme	1,420	0
Entities Controlled or Significantly Influenced by Angus Council				
ANGUSalve				
0	83	Contribution from/to company	430	95
Tayside Procurement Consortium				
0	0	Contribution due to the Consortium	61	0
7,646	609	Total	11,354	1,623

Note 23- PFI / PPP and Similar Contracts

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

A92 Dual Carriageway

The Council entered into a 30-year contract to facilitate dualling of the A92 which had a works value in the order of £50m with the road opening to traffic on 27 September 2005. 2021/22 was the 17th 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 2021/22.

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. 2021/22 was effectively the 17th 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 2021/22.

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 2021/22 was therefore the 15th 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 2021/22.

Forfar Community Campus

The Council entered into a 25-year contract to facilitate replacement of Forfar Academy along with the town's leisure facilities on a single community campus basis. The works value was some £33.5m and the facility became operational on 6 February 2017. 2021/22 was the 4th full year of the arrangement which is due to conclude in financial year 2041/42. Under the contract, the contractor took on the obligation to carry out the construction works and to maintain the property thereafter. The Council only has rights to terminate the contract if it compensates the

contractor in line with the terms of the contract. There were no changes to the contractual arrangements during 2021/22.

Arbroath Schools

The Council entered into a 25-year contract to facilitate replacement of Ladyloan PS and Muirfield PS in Arbroath. The total works value was some £15.1m and both facilities became operational on 17 December 2018. 2021/22 was effectively the 3rd full year of the arrangement which is due to conclude in financial year 2043/44. Under the contract, the contractor took on the obligation to carry out the construction works and to maintain the property thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract. There were no changes to the contractual arrangements during 2021/22.

Property, Plant and Equipment

The assets used to provide services in respect of the above facilities are recognised on the Council's balance sheet. Movements in their value over the year are contained within the analysis of the movements on the Property, Plant and Equipment balance in Note 11.

Liabilities and Payments

The following liabilities result from the Council's Public Private Partnerships and similar contract arrangements and are contained within the long-term liabilities on the Council's balance sheet. Fair values have been determined in line with the principles set out in Note 28 Financial Instruments.

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	E Arbroath Schools £000	Totals £000
Liability at 31 March 2021	37,622	1,160	34,939	30,319	14,451	118,491
Additions	0	0	0	0	0	0
Repayment of liability for year	(1,845)	(116)	(912)	(924)	(422)	(4,219)
Liability at 31 March 2022	35,777	1,044	34,027	29,395	14,029	114,272
Fair value of liability at 31 March 2022	40,545	1,136	46,001	38,861	17,848	144,391

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

Payments remaining to be made under the 5 PPP and similar contracts at 31 March 2022 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	E Arbroath Schools £000	Totals £000
Payments due within 1 year (2022/23)						
Repayment of liability	1,614	78	999	994	430	4,115
Finance costs	4,839	203	2,822	1,999	779	10,642
Service charges (inc. life cycle replacement costs)	1,830	181	2,970	394	228	5,603
Total payments due within 1 year	8,283	462	6,791	3,387	1,437	20,360
Payments due within 2 to 5 years (2023/24 to 2026/27)						
Repayment of liability	7,307	438	5,565	3,943	1,914	19,167
Finance costs	19,744	845	10,766	7,212	2,889	41,456

	A A92 Dual Carriageway £000	B Beech Hill House £000	C Forfar/ Carnoustie Schools £000	D Forfar Community Campus £000	E Arbroath Schools £000	Totals £000
Service charges (inc. life cycle replacement costs)	8,205	682	11,885	2,587	1,036	24,395
Total payments due within 2 to 5 years	35,256	1,965	28,216	13,742	5,839	85,018
Payments due within 6 to 10 years (2027/28 to 2031/32)						
Repayment of liability	14,945	528	9,671	5,900	2,584	33,628
Finance costs	26,817	662	10,234	7,287	2,990	47,990
Service charges (inc. life cycle replacement costs)	7,503	418	17,854	4,465	1,949	32,189
Total payments due within 6 to 10 years	49,265	1,608	37,759	17,652	7,523	113,807
Payments due within 11 to 15 years (2032/33 to 2036/37)						
Repayment of liability	11,911	0	15,312	8,078	3,550	38,851
Finance costs	16,273	0	6,284	5,016	2,228	29,801
Service charges (inc. life cycle replacement costs)	10,137	0	19,123	5,152	2,023	36,435
Total payments due within 11 to 15 years	38,321	0	40,719	18,246	7,801	105,087
Payments due within 16 to 20 years (2037/38 to 2041/42)						
Repayment of liability	0	0	2,480	10,480	3,896	16,856
Finance costs	0	0	294	1,933	1,108	3,335
Service charges (inc. life cycle replacement costs)	0	0	3,205	5,945	3,113	12,263
Total payments due within 16 to 20 years	0	0	5,979	18,358	8,117	32,454
Payments due within 21 to 25 years (2042/43 to 2046/47)						
Repayment of liability	0	0	0	0	1,655	1,655
Finance costs	0	0	0	0	129	129
Service charges (inc. life cycle replacement costs)	0	0	0	0	1,046	1,046
Total Payments due within 21 to 25 years	0	0	0	0	2,830	2,830
Total Payments Due	0	0	0	0	0	
Repayment of liability	35,777	1,044	34,027	29,395	14,029	114,272
Finance Costs	67,673	1710	30,400	23,447	10,123	133,353
Service charges (incl. life cycle replacement costs)	27,675	1,281	55,037	18,543	9,395	111,931
Total Payments Due	131,125	4,035	119,464	71,385	33,547	359,556

Note 24 - Leases**Council 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 value:

31 March 2021 £000		31 March 2022 £000
2,315	Other Land and Buildings	40,503

The movement of £38.188 million in the value of assets acquired under these leases is due to the contractual arrangements relating to the residual waste treatment plant. This is a partnership with Dundee City Council and a further £36.8m of lease asset was attributed to Angus Council when the full plant came on stream during 2021/22. This results in a commitment to a further £55m in finance lease payments over the remaining life of the lease agreement (2022/23 to 2045/46).

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

31 March 2021 £000		31 March 2022 £000
	Finance lease liabilities:	
1,164	Current	2,154
215	Non-current	37,812
233	Finance costs payable in future years	346
1,612	Minimum lease payments	40,312

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

Minimum Lease Payments 31 March 2021 £000	Finance Lease Liabilities 31 March 2021 £000		Minimum Lease Payments 31 March 2022 £000	Finance Lease Liabilities 31 March 2022 £000
1,345	1,164	No later than one year	2,459	2,154
134	97	Later than one year and not later than five years	134	102
133	118	Later than five years	100	91
1,612	1,379	Totals	2,693	2,347

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

Council as Lessee - Operating Leases

The Council is currently not entered into any operating leases.

Council as Lessor - Finance Leases

The building associated with the Council's one remaining finance lease has been the subject of a community asset transfer and is therefore no longer considered to be an investment property. Angus Council continues to own the building, with the community asset transfer involving a 25 year (below market value) lease, the terms of which remove repair and maintenance liabilities for the Council.

Council as Lessor - Operating Leases

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

Note 25 - Capital Commitments

As at 31 March 2022, the Council has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2022/23 and future years, budgeted to cost £31.556 million (gross). Similar commitments at 31 March 2021 were £48.352 million (gross). The major commitments (on a gross basis) include:

- Vehicle Replacement Programmes (£0.855 million);
- Arbroath Flood Strategy – Brothock Burn / Seawall (£2.625 million);
- Capitalised Property Maintenance (£0.685 million);
- Local Flood Risk Management (£0.647 million);
- Restenneth Landfill Site Ph3b Capping (£0.498 million);
- Montrose South Regeneration (£0.403 million); Provision of New Affordable Housing (£13.334 million);
- Energy Savings / Reaching Zero Carbon (£3.110 million);
- Electric Heating Installations to Sheltered Housing Schemes (£0.623 million);
- LD2 Smoke Alarm Upgrade (£1.000 million);
- Bathroom Replacements (£1.127 million).

Note 26 - Construction Contracts

At 31 March 2022 the Council had no construction contracts in progress on behalf of any other party. Accordingly, no entries were due to be accrued or disclosed in the Council's accounts. The same position existed at 31 March 2021.

Note 27 - Capital Expenditure and Capital Financing

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

2020/21 £000	Movement in Year	2021/22 £000
274,478	Opening Capital Financing Requirement	262,277
	Capital Investment:	
40,500	Property, Plant and Equipment	89,169
	Sources of Finance:	
(393)	Capital Receipts	(2,955)
(23,129)	Government Grants and other Contributions	(19,540)
	Sums set aside from revenue:	
(15,759)	Direct revenue contributions	(16,151)
(8,620)	Loans Fund Principal	(5,267)
(4,800)	Repayment of Liability – Finance Lease / PFI & PPP	(5,382)
262,277	Closing Capital Financing Requirement	302,151
	Explanation of Movements in year	
(7,022)	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	5,048
(379)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	456
(1,870)	Movement in liability of assets acquired under finance leases	38,588
(2,930)	Movement in liability of assets acquired under PFI/PPP contracts	(4,218)
(12,201)	Increase/(Decrease) in Capital Financing Requirement	39,874

Gross Capital Expenditure on Services

2020/21 Actual £000		2021/22 Actual £000	2021/22 Budget £000
	CAPITAL EXPENDITURE ON SERVICES		
485	Economic Development	88	160
15,565	Housing Revenue Account	26,759	22,104
278	Planning & Sustainable Growth	511	498
2,870	Environmental Services	2,413	3,399
925	Property Asset	1,478	1,599
7,694	Roads & Transportation	13,140	17,478
57	Children, Families & Justice	0	0
9,664	Education & Lifelong Learning	2,423	3,177
599	Digital Enablement & Information Technology	553	850
73	Angus Health & Social Care Partnership	200	476
91	ANGUSalive	94	473
0	Tay Cities Deal	1,948	2,063
38,301	Total Capital Expenditure	49,607	52,277
	Financing of Capital Expenditure		
808	Sale of Assets	2,955	6,323
22,714	Government Grants & Other Contributions	19,540	15,840
13,490	Contribution from Revenue	12,818	12,668
70	Local Capital Fund	2,587	3,235
1,219	Advances from Loans Fund	11,707	14,211
38,301	Total Capital Financing	49,607	52,277

The Council did not capitalise any borrowing costs during 2021/22.

Note 28 - Financial Instruments

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

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

Analysis of Financial Instruments

Under IFRS9 (implemented with effect from 1 April 2018) financial assets are now classified based on an approach that reflects the business model for holding the financial assets and their cashflow characteristics. Financial assets

are classified at amortised cost on the basis that the Council's business model is to collect contractual cashflows and are solely principal and interest (SPPI). Financial assets measured at amortised cost are initially measured at fair value and then carried at amortised cost. Financial liabilities are initially measured at fair value and then carried at their amortised cost.

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

Financial Assets

	Non-current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	
Amortised Cost	482	482	3,177	2,582	74,593	73,693	31,028	23,397	100,154
Total Financial Assets	482	482	3,177	2,582	74,593	73,693	31,028	23,397	100,154

Financial Liabilities

	Non-current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	
Amortised Cost	139,133	138,237	0	0	7,396	9,610	62,454	63,375	211,222
Total Financial Liabilities	139,133	138,237	0	0	7,396	9,610	62,454	63,375	211,222

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

Expected Credit Loss Model

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

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

Analysis of Gains / Losses in respect of Financial Instruments

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

2020/21		2021/22		
Total £000		Financial Liabilities Measured at amortised cost £000	Financial Assets Measured at amortised cost £000	Total £000
(7,046)	Interest expense	(6,692)	0	(6,692)

(141)	Losses on derecognition	(132)	0	(132)
(7,187)	Interest payable and similar charges	(6,824)	0	(6,824)
720	Interest income	0	466	466
3	Gains on derecognition	3	0	3
723	Interest and investment income	3	466	469
(6,464)	Net gain /(loss) for the year	(6,821)	466	(6,355)

Fair Value of Financial Assets and Liabilities Carried at Amortised Cost

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

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

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

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

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

Fair values have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The discount rate utilised should equal the current rate in relation to the same or similar instrument from a comparable lender. This has been assumed to be the rate applicable in the market on the date of valuation, for an instrument of the same duration as the outstanding period from valuation date to maturity. Discount rates have therefore been determined by applying the following principles:

- For PWLB debt, the discount rate used is the rate for new borrowing (maturity basis and after allowing for the certainty rate deduction) as per the rate sheet number 126/22 as this excludes the margin included in the premature repayment rate, which represents the lender's profit as a result of debt rescheduling, as any motivation other than securing a fair price should be ignored;
- In respect of LOBO debt and market lending, discount rates equal the rates available for an equivalent instrument, with equivalent terms from a comparable lender;
- In respect of the long term debtors, the discount rates used are those applicable to PWLB new borrowing (maturity basis and prior to the certainty rate deduction) for a period equal to the remaining period of the long term debtor, as taken from PWLB rate sheet number 126/22;
- 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 2021						31 March 2022	
Carrying Amount £000	Fair Value £000		Principal Amount Outstanding £000	Less LOBO Accounting Adjustments £000	Add Accrued Interest £000	Carrying Amount £000	Fair Value £000
109,499	156,482	PWLB	107,757	0	853	108,610	141,403
14,092	23,824	Market Debt	14,000	0	93	14,093	21,650
16,027	25,528	LOBOs	16,480	(480)	25	16,025	23,175
62,454	62,454	Creditors	63,375	0	0	63,375	63,375
6,425	6,531	Short term borrowing	9,389	0	20	9,409	8,620
208,497	274,819	Total financial liabilities	211,001	(480)	991	211,512	258,223

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.

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

31 March 2021			31 March 2022	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
43,546	43,546	Deposits with banks and building societies	63,680	63,680
31,041	31,041	Deposits with other local authorities	10,013	10,013
0	0	Money Market Fund deposits	0	0
488	488	Other Structured deposits	482	482
3,177	2,581	Long term debtors	2,582	1,928
31,028	31,028	Debtors	23,397	23,397
109,280	108,684	Total financial assets	100,154	99,500

All of the Council's bank, building society and local authority deposits are fixed rate, fixed term deposits of 1 year or less. The overall fair value of these deposits is lower than the carrying amount as the Council's deposit portfolio contains deposits with fixed rates which are lower than the rates available for similar deposits at the Balance Sheet date. In respect of long-term debtors, the fair value is less than the carrying value as the present value of the future cash flows from these debtors are worth less to the Council as a result of the effects of inflation.

Soft Loans

The council had no soft loans at the 31st March 2022.

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

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Council;

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

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

Credit Risk

Credit risk arises primarily from deposits with banks and other financial institutions, but also arises from credit exposures to the Council's customers. Deposits during 2021/22 were only made with banks or other financial institutions which were assessed independently by the Council's Treasury Management advisers as being sufficiently secure and which had a minimum Fitch long term rating of A minus and a minimum Fitch short term rating of F1 or were classed as a part or fully nationalised bank at the time the deposit was made. Deposits could also be made with other local authorities and whilst such bodies are not specifically rated, they are deemed to hold at least the rating level of the UK government. The exception to these criteria was overnight deposits placed with the Council's own bank (Clydesdale) as noted below.

The Council, in accordance with CIPFA's Treasury Management in the Public Services Code of Practice (2017 edition), has an Annual Treasury Management Strategy in place and as part of this strategy the determination of the levels of investments placed with permitted counterparties is set.

A review of counterparty investment limits was conducted in 2021/22 and revised limits were proposed in the Treasury Management 2021/22 Mid-Year Review (report 391/21). In respect of the financial year 2021/22 the following revised limits were adopted from December 2021 and were applied at the time each deposit was made:

- a maximum of £5.0 million could be placed with each UK domiciled A minus institution subject to a total of no more than 35% of the Council's investments being placed with suitable A minus rated counterparties;
- a maximum of £15.0 million could be placed with each UK domiciled A or A plus rated institution, subject to a total of no more than 60% of the Council's investments being placed with these counterparties;
- a maximum of £2.5 million could be placed with each non-UK domiciled A minus rated institution;
- a maximum of £5.0 million could be placed with each non-UK domiciled A or A plus rated institution;
- a maximum of £20.0 million could be placed with each UK domiciled AA minus (or higher) rated institution, with 100% of the Council's investments in this category being able to be placed with these counterparties;
- a maximum of £15.0 million could be placed with each non-UK domiciled AA minus (or higher) rated institution subject to a maximum of £30.0m being placed overall and a total of no more than 50% of the Council's investments being placed with these counterparties;
- a maximum of £20.0 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 £30.0 million could be placed overall in Money Market Funds, with the maximum limit of £15.0 million able to be placed with any single fund. 100% of the Council's investments could be placed in Money Market Funds;
- a maximum of £10.0 million could be placed overall in Ultra Short Dated Bond Funds, with a maximum limit of £5.0m able to be placed with any single fund and no more than 25% of the Council's investments being placed with these counterparties; and
- No limits were in place in respect of deposits with other Local Authorities and 100% of the Council's investments could be placed with this category.

The one exception to the above-mentioned limits is the Council's own bank - currently the Clydesdale Bank – for which an overall investment limit of £25.0 million is maintained for operational reasons. The bank did not meet the Council's minimum investment criteria during 2021/22, therefore in line with the approved Treasury Management Strategy, the placement of funds with the Clydesdale was limited throughout the financial year to overnight only.

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

	Amounts at 31 March 2022	Estimated maximum exposure – default etc
	£000	£000
Deposits with other banks	63,680	0
Deposits with other local authorities	10,013	0
Money Market Fund deposits	0	0
Collateralised deposits	0	0
Customers	4,394	352
Totals	78,087	352

There were no instances of exceeding investment limits which arose during 2021/22. The Council does not expect any losses from non-performance of any of its investment counterparties in relation to deposits and bonds.

The Council does not generally give credit for customers and in this regard it can be reported that £2.939 million of the £4.394 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 2022 £000
Less than 3 months	649
3 to 6 months	230
6 months to 1 year	589
More than 1 year	1,471
Total	2,939

Liquidity Risk

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

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

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

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

Loan Value 31 March 21 £000		Carrying Amount £000	Less Lobo Accounting £000	Loan Value 31 March 22 £000
	Loans Outstanding			
111,095	PWLB	113,091	0	113,091
16,000	LOBOs - European Banks	16,480	(480)	16,000
14,000	Market Debt - UK Banks	14,000	0	14,000
141,095	Total	143,571	(480)	143,091
	Maturity Structure			
2,448	Less than 1 year	5,334	0	5,334
4,889	Between 1 and 2 years	3,589	0	3,589
6,775	Between 2 and 5 years	4,372	0	4,372
4,002	Between 5 and 10 years	3,557	0	3,557
122,981	Over 10 years	126,719	(480)	126,239
141,095	Total	143,571	(480)	143,091

The 2020/21 figures are shown for comparison. In the over 10 years category there are LOBOs with a Loan Value totalling £16 million which have a call date in the next 12 months.

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

Market Risk

Interest Rate Risk

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

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

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

For illustrative purposes, a 1% increase in the interest rate would decrease the fair value of fixed rate borrowings by some £27.170 million (14.6%).

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

Price Risk

The Council has no financial assets in the form of equity shares and is not therefore currently exposed to loss arising from movements in market rates.

Foreign Exchange Risk

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

Financial Guarantees

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

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

Note 30 - Loans Fund Revenue Account

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

2020/21 £000		2021/22 £000
	Expenditure	
	Interest Paid on Loans:-	
5,544	Public Works Loan Board	5,175
1,329	Other mortgages and bonds	1,329
24	Internal loans	13
367	Interest paid on revenue balances	210
103	Expenses of borrowing	130
7,367	TOTAL EXPENDITURE	6,857
	Income	
498	Interest received	287
6,766	Interest charged to borrowing accounts	6,440
103	Expenses recovered from borrowing accounts	130
7,367	TOTAL INCOME	6,857

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 4.35% in 2021/22. The 2020/21 rate was 4.50%.

Debt Management Expenses

The equivalent rate for debt management expenses was 0.09%. The 2020/21 rate was 0.07%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2022 was £149.311 million or £1,289.17 per head of population. The figures at 31 March 2021 were £142.407 million or £1,225.53 respectively.

Note 31 – Other Long Term Liabilities

Other long term liabilities (£148.335 million) are considered throughout the notes to the accounts. They essentially consist of two main factors; deferred income & deferred liabilities.

2020/21 £000		2021/22 £000
	Other Long Term Liabilities	
	Deferred Income:	
332	Prepaid Income	300
332	TOTAL DEFERRED INCOME	300
	Deferred Liabilities:	
215	Finance Leases	37,812
48	Government Funding	48
114,281	Outstanding Debt associated with PPP projects	110,175
114,544	TOTAL DEFERRED LIABILITIES	148,035
114,876	TOTAL OTHER LONG TERM LIABILITIES	148,335

Note 32 – Contingent Liability

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

Scottish Child Abuse Enquiry: The Scottish Parliament introduced a redress Bill (April 2021) for survivors of abuse in care in Scotland. The stage 1 debate took place on 17 December 2020 where members considered the general principles of the Bill. The Redress for Survivors (Historical Child Abuse in Care (Scotland) Bill received Royal Assent on the 23 April 2021 and is now an Act, i.e. the law is now in place to establish the redress scheme. Survivors as an alternative to civil litigation may choose to apply for redress. Financial contributions from Local Authorities are required to support the redress scheme and a mechanism has been agreed to top-slice the Local Government contribution from the annual Local Government Grant Settlement from Scottish Government over the next 10 years.

The Council will continue to receive civil claims relating to periods of time in care. These have the potential for significant costs to be incurred and alongside the contribution to the scheme will give rise to future financial liability, although unquantifiable at this time.

Litigation Cases: The Council is involved in a legal case which has the potential for a settlement to be required of up to £0.116m. Due to the ongoing nature of the case it is not appropriate to include further details of the matter. The determination of whether settlement will be required is uncertain, and the contingent liability is recognised against the possibility of the Council being required to settle the matter.

Group Accounts

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

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

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

Intra-group balances and transactions are eliminated on consolidation.

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

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

Group Movement in Reserves Statement as at 31 March 2022

	Council Usable Reserves £000	Council Unusable Reserves £000	Total Council Reserves £000	Share of Reserves of Associates, Joint Venture & Subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2020	47,779	494,579	542,358	3,257	545,615
Movement in reserves during 20/21					
Surplus or (deficit) on provision of services	(3,979)	0	(3,979)	1,918	(2,061)
Other Comprehensive Expenditure and Income	0	80,486	80,486	18,153	98,639
Total Comprehensive Expenditure and Income	(3,979)	80,486	76,507	20,071	96,578
Opening balance / Group share adjustments	0	0	0	2	2
Adjustments between accounting basis and funding basis under regulations	22,621	(22,621)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	18,642	57,865	76,507	20,073	96,580
Transfers to / from Earmarked Reserves	31	(8,345)	(8,314)	0	(8,314)
Increase / Decrease in Year	18,673	49,520	68,193	20,073	88,266
Balance at 31 March 2021 carried forward	66,452	544,099	610,551	23,330	633,881
Movement in reserves during 21/22					
Surplus or (deficit) on provision of services	(25,296)	0	(25,296)	4,463	(20,833)
Other Comprehensive Expenditure and Income	0	178,029	178,029	14,971	193,000
Total Comprehensive Expenditure and Income	(25,296)	178,029	152,733	19,434	172,167
Opening balance / Group share adjustments	0	0	0	(407)	(407)
Adjustments between accounting basis and funding basis under regulations	26,627	(26,541)	86	0	86
Net Increase / Decrease before Transfers to Earmarked Reserves	1,331	151,488	152,819	19,027	171,846
Transfers to / from Earmarked Reserves	0	1	1	0	1
Increase / Decrease in Year	1,331	151,489	152,820	19,027	171,847
Balance at 31 March 2022 carried forward	67,783	695,588	763,371	42,357	805,728

Group Comprehensive Income and Expenditure Statement for the year 31 March 2022

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
142,009	(17,515)	124,494	Education & Lifelong Learning	152,007	(19,808)	132,199
58,486	(31,473)	27,013	Communities	62,634	(33,065)	29,569
23,473	(2,613)	20,860	Children, Families & Justice	25,725	(2,892)	22,833
28,103	(4,598)	23,505	Infrastructure	29,710	(4,442)	25,268
6,163	(1,764)	4,399	Finance	5,347	(939)	4,408
9,529	(974)	8,555	Human Resources, Digital Enablement, Information Technology & Business Support	10,556	(1,018)	9,538
7,481	(3,368)	4,113	Strategic Policy, Transformation & Public Sector Reform	5,596	(1,754)	3,842
3,585	(887)	2,698	Legal & Democratic Services	4,258	(1,095)	3,163
12,782	(3,952)	8,830	Other Services	11,480	(2,335)	9,145
6,756	(369)	6,387	Facilities Management	2,987	(350)	2,637
8	0	8	Corporate Items	0	0	0
821	(8)	813	Joint Boards	808	(8)	800
135,213	(80,897)	54,316	Adult Services	144,705	(84,837)	59,868
434,409	(148,418)	285,991	General Fund Net Expenditure	455,813	(152,543)	303,270
30,710	(31,363)	(653)	Housing Revenue Account	33,629	(32,261)	1,368
465,119	(179,781)	285,338	Cost of Services - Council	489,442	(184,804)	304,638
8,301	(3,693)	4,608	Interest in Subsidiary – Angus Alive	10,374	(4,340)	6,034
44	(58)	(14)	Interest in Subsidiary – Charitable Trusts	47	(55)	(8)
1,022	(311)	711	Interest in Subsidiary – Common Good	938	(367)	571
474,486	(183,843)	290,643	Group Cost Of Services	500,801	(189,566)	311,235
		(449)	Other Operating (Income)/ Expenditure - Council			(113)
		(2,386)	Other Operating (income)/ Expenditure –Associates & JV			(5,700)
		19,393	Financing & Investment (Income)/ Expenditure – Council			17,876
		(305,140)	Taxation and Non-Specific Grant Income - Council			(302,465)
		2,061	Group Deficit on Provision of Services			20,833
		(34,658)	(Surplus) or deficit on revaluation of non-current assets – Council			(111,852)
		(13,911)	(Surplus) or deficit on revaluation of non-current assets - Subsidiaries			(13,723)
		(45,829)	Re-measurement of net pension liability - Council			(66,177)

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		336	Re-measurement of net pension liability – Subsidiaries			(3,424)
		(4,580)	Re-measurement of net pension liability – Associates & JV			(6,905)
		(98,642)	Other Group Comprehensive (Income) /Expenditure			(202,081)
		(96,581)	Total Group Comprehensive (Income)/Expenditure			(181,248)

Group Balance Sheet as at 31 March 2022

31/03/2021 £000		Group Notes	31/03/2022 £000
883,060	Property, Plant & Equipment		1,036,997
5,870	Heritage Assets		5,870
3,150	Investment Property		3,150
2,534	Assets Held for Sale		1,979
1,827	Long Term Investments		2,067
2,967	Long Term Debtors		2,289
899,408	Long Term Assets		1,052,352
76,640	Short Term Investments	10	73,797
460	Inventories		399
34,538	Short Term Debtors	9	26,743
13,908	Cash and Cash Equivalents	8	21,104
125,546	Current Assets		122,043
0	Provisions		0
(3,441)	Short Term Borrowing		(5,881)
(63,153)	Short Term Creditors	11	(65,019)
(66,594)	Current Liabilities		(70,900)
(139,133)	Long Term Borrowing		(138,237)
(72,094)	Pension Liability	12	(27,019)
(114,876)	Other Long Term Liabilities		(148,335)
3,625	Liability in Associates & Joint Ventures		15,825
(322,478)	Long Term Liabilities		(297,766)
635,882	Net Assets		805,729
71,311	Usable Reserves		72,503
562,196	Unusable Reserves		717,622
375	Group Reserves		15,604
633,882	Total Reserves		805,729

The accounts were issued for audit on the 30 June 2022 and the audited accounts were authorised for issue by the Director of Finance on the 29 November 2022

Ian Lorimer CPFA
Director of Finance

Group Cash Flow Statement as at 31 March 2022

2020/21 £000		2021/22 £000
(2,061)	Net surplus or (deficit) on the provision of services	(20,833)
71,115	Adjustment to surplus or deficit on the provision of services for non-cash movements	83,447
(24,694)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(20,875)
2,061	(Surplus) or deficit attributable to Associates / Joint Ventures	3,334
(4,447)	(Surplus) or deficit attributable to Jointly Controlled Entities	(9,034)
41,974	Net Cash Inflows from Operating Activities *	36,039
(38,217)	Purchase of property, plant and equipment, investment property and intangible assets	(89,763)
(12,500)	Purchase of short-term and long-term investments	0
(363)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,989
23,910	Other receipts / payments from investing activities	17,182
(27,170)	Net Cash Outflows from Investing Activities	(66,592)
(4,800)	Cash payments for the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	34,369
0	Cash receipts of short and long term borrowing	4,000
(3,533)	Repayments of short and long-term borrowing	(2,384)
593	Other receipts / payments for financing activities	478
(7,740)	Net Cash Inflows from Financing Activities	36,463
7,064	Net increase or (decrease) in cash and cash equivalents	5,910
6,844	Cash and cash equivalents at the beginning of the reporting period	13,908
13,908	Cash and Cash equivalents at the end of the reporting period (Note 8)	19,818

* The cash flows from operating activities in 2021/22 includes interest received of £0.381 million (2020/21 £0.882 million) and interest paid of £17.646 million (2020/21 £17.169 million).

Note 1 - Statement of Accounting Policies

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

Note 2 - Changes in Accounting Policy

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

Note 3 - Consolidation

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

Note 4 - Combining EntitiesSubsidiaries*ANGUSalive*

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

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

After accounting for IAS 19 Employee Benefits, the net liabilities of ANGUSalive were £0.998 million at 31 March 2022, compared to net liabilities of £3.744 million at 31 March 2021. The total Statement of Financial Activities including Income and Expenditure for the year to 31 March 2022 was net expenditure of £0.678 million, compared to net income of £0.295 million for the period to 31 March 2021.

ANGUSalive's 2021/22 accounts may be obtained from: ANGUSalive Head Office, William Wallace House, Orchardbank Business Park, Forfar, DD8 1WH.

Charitable Trusts and Endowments

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

The financial performance of the Charitable Trusts and Endowments is reported within this accounts document at page 125.

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.

During the year the Council reviewed its approach to Capital Accounting on Common Good assets and introduced an alternative accounting treatment for the use of depreciation statutory adjustments on the Common Good Funds, details of this can be found in report 138/21.

The financial performance of the Common Good Funds is reported within this accounts document at page 127.

Associates

Two entities have been consolidated as associates into Angus Council's Group Accounts in 2021/22 – Tayside Valuation Joint Board and Tayside Contracts Joint Committee. The accounting period for both entities is the year to 31 March and is therefore aligned with Angus Council's accounting period. The accounts of each associate entity are published separately.

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

Tayside Valuation Joint Board

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

Recognition has been made within the Group Accounts of the Council's interest which is based on its share of the contribution made to Tayside Valuation Joint Board of 26.45% (the share in 2020/21 was 26.58%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Board were £0.223 million at 31 March 2022, compared to net liabilities of £1.921 million at 31 March 2021. The total Comprehensive Income and Expenditure for the year to 31 March 2022 was net income of £1.685 million, compared to net income of £0.780 million for the period to 31 March 2021.

A copy of Tayside Valuation Joint Board's 2021/22 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 2021/22, which is 30.3% (the share in 2020/21 was 27.8%).

After accounting for IAS 19 Employee Benefits, the net liabilities of the Joint Committee were £16.400 million at 31 March 2022, compared to net liabilities of £16.400 million at 31 March 2021. The total Comprehensive Income and Expenditure for the year to 31 March 2022 was net income of £8.313 million, compared to net expenditure of £8.313 million for the period to 31 March 2021.

A copy of Tayside Contracts' 2021/22 accounts may be obtained from: 1 Soutar Street, Dundee, DD3 8SS.

Joint Venture

Angus Integration Joint Board

Angus Integration Joint Board (AIJB) was established as a body corporate by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014 on 3rd October 2015. It is a formal partnership between NHS Tayside and Angus Council to deliver health and social care from 1st April 2016.

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

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

The net assets of the Board were £35,454 million at 31 March 2022, compared to net assets of £17,386 million at 31 March 2021. The cost of services (before allowance for grant income) for the year to 31 March 2022 was £189.497 million, compared to a cost of services of £183.273 million for the period to 31 March 2021. After allowing for grant income (funding from Angus Council and NHS Tayside), the total Comprehensive Income and Expenditure for the year to 31 March 2022 was net income of £18.068 million, compared to net income of £8.893 million for the period to 31 March 2021.

A copy of AIJB's 2021/22 accounts may be obtained from: Chief Finance Officer, Angus Health & Social Care Partnership, Angus House, Orchardbank Business Park, Forfar, DD8 1AN.

Note 5 - Financial Impact of Consolidation and Going Concern

The net effect of inclusion of Angus Integration Joint Board (joint venture), Tayside Valuation Joint Board (associate), Tayside Contracts (associate), ANGUSalive (subsidiary), Charitable Trusts (subsidiary) and Common Good Funds (subsidiary) is to increase both reserves and net assets by £37,781 million (2020/21 showed an increase of £23.331 million).

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

The main factor in this significant increase was the transfer of a number of assets from Angus Council's General Fund to the Common Good. This was a result of a Court of Session decision that, from a Common Good Policy perspective, assets which have been built by Angus Council's General Fund on Common Good Fund land are part of the applicable Common Good Fund and have been since being built. As noted in report 138/21, this decision has necessitated the transfer of net book valuations from the General Fund to the various Common Good Funds to reflect the change in ownership.

Note 6 - Non-Adjusting Events After the Reporting Period

There were no non-adjusting events.

Note 7 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts of the various group entities contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. As balances cannot be determined with certainty however, actual results could be materially different from the assumptions and estimates.

The item for which there is the most significant risk of material adjustment in the forthcoming year continues to be the estimation of the net liability to pay pensions as this depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Turbulence in world markets arising from the COVID-19 pandemic has created medium-term uncertainty about scheme assets. The effect on the net pension liability of the Group of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in the Group pension liability of £19.047 million.

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

Note 8 – Group Cash and Cash Equivalents

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

2020/21 £000		2021/22 £000
3,021	Cash held by the Group	3,361
(2,084)	Bank Overdraft	(2,641)
12,971	Cash Investments	19,098
13,908	Total Cash and Cash Equivalents	19,818

Note 9 – Short Term Debtors (Net of Provisions)

2020/21 £000		2021/22 £000
34,273	Angus Council Debtors	25,356
10	Charitable Trusts Debtors	13
3	Common Good Fund Debtors	3
335	Angus Alive Debtors	1,036
(83)	Exclude Intra Company Debtors	335
34,538	Total Group Debtors	26,743

Note 10 - Short Term Investments

2020/21 £000		2021/22 £000
74,593	Angus Council Short Term Investments	73,693
47	Charitable Trusts Short Term Investments	104
74,640	Total Group Short Term Investments	73,797

Note 11 – Short Term Creditors

2020/21 £000		2021/22 £000
62,454	Angus Council Creditors	63,650
6	Charitable Trust Creditors	6
35	Common Good Fund Creditors	38
741	Angus Alive Creditors	990
(83)	Exclude Intra Company Creditors	335
63,153	Total Group Creditors	65,019

Note 12 – Liability Related to Defined Benefit Pension Scheme

2020/21 £000		2021/22 £000
65,702	Angus Council – Pensions Liability	22,665
6,392	Angus Alive – Pensions Liability	4,354
72,094	Total Group Pension Liability	27,019

Note 13 – Additional Disclosure

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

2020/21 %		2021/22 %
0.19	Tayside Valuation Joint Board	0.07
3.31	Tayside Contracts	3.07
1.83	Angus Alive	1.45

As noted in the table below, the main liability relates to the obligations of the above in respect of defined benefit pension schemes. The pension accounting requirements of Financial Reporting Standards (FRS 102) and International Accounting Standards (IAS 19) have been applied to the accounting statements. There is no pension scheme associated with Angus Integration Joint Board as AIJB do not directly employ staff.

2020/21 Pension Scheme Obligations £000	2020/21 Total Gross Liabilities £000		2021/22 Pension Scheme Obligations £000	2021/22 Total Gross Liabilities £000
535	720	Tayside Valuation Joint Board	90	243
5,344	12,869	Tayside Contracts	2,481	10,382
6,392	7,133	Angus Alive	4,354	5,344

Note 14 – Group Reserves

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.374 million. This reserve is not freely available for general use as it is subject to restrictions for specified charitable purposes and, is therefore, ring-fenced within the Group Reserves.

Further details in respect of the Charitable Trusts, including the reserve, can be found in the separate statement and notes on pages 125.

Note 15 – Entities Not Consolidated

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

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

- the share of net assets is less than 1% of Angus Council's net assets; and
- 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:

- MVV Baldovie Environment Ltd (formerly Dundee Energy Recycling Ltd (DERL)) – Angus Council has no rights to assets or responsibility for liabilities of MVV (formerly DERL).
- Business Gateway Tayside (BGT) – BGT act as a supplier of services, with Angus Council having no rights to assets or responsibility for liabilities.
- Tay Road Bridge (TRB) – whilst 1 Councillor sits on the TRB Board, Angus Council does not have a statutory funding requirement and does not receive a share of any surpluses.
- Angus Care & Repair (ACR) – whilst Angus Council has a minority representation on the Board of ACR, it does not have significant influence over the entity and the substance of the relationship does not indicate control by the Council. Angus Council's funding arrangement with ACR ended on 30 June 2019 after it was deemed necessary to tender for the services provided under procurement guidelines.
- Scotland Excel (SE) – whilst Angus Council provides a minimal percentage of the SE's requisition requirements and has 1 member representation on its Executive Board, it cannot be said to have significant influence.
- SEEMiS – funded by the 32 participating local authorities, the principal activity is the provision of information technology solutions to education services. Angus Council provides a minimal percentage of SEEMiS' funding.

- vii) TAYplan – the Strategic Development Planning Authority for Angus, Dundee, North Fife and Perth, Angus Council is a member of this Joint Committee.

Note 16 – Audit of Group Entities

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

Subsidiaries

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

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

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

Associates

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

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

Joint Venture

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

In all of the above cases the audit opinion determines whether the financial statements give a true and fair view in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2021 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 2022

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.

2020/21 Actual £000		2021/22 Actual £000	2021/22 Budget £000
	Expenditure		
6,851	Repairs and Maintenance	7,707	9,477
8,040	Supervision and Management	8,676	9,116
1,300	Void Rents	1,707	1,143
12,234	Depreciation and impairment of non-current assets	13,085	13,085
462	Movement in the allowance for bad debts	617	500
565	Other expenditure	589	624
29,452	Total Expenditure	32,381	33,945
	Income		
(28,509)	Dwelling Rents	(29,286)	(29,203)
(646)	Non-Dwelling Rents	(718)	(716)
(1,239)	Other Income	(1,289)	(1,490)
(30,394)	Total Income	(31,293)	(31,409)
(942)	Net cost of HRA services as included in the Comprehensive and Expenditure Statement	1,088	2,536
288	HRA share of Corporate and Democratic Core	280	284
0	HRA share of other amounts included in the whole Council Net Cost of Services but not allocated to specific services	0	0
(654)	Net cost of HRA Services	1,368	2,820
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(161)	(Gain) or loss on sale of HRA non-current asset	(392)	(392)
1,343	Interest payable and similar charges	1,521	1,646
0	Interest and investment income	0	(1)
160	Pension interest cost and expected return on pension assets	54	54
(4,670)	Non-specific Grant Income	(2,503)	(2,503)
(3,982)	(Surplus) or Deficit for the year on HRA services	48	1,624

Movement on the HRA Statement for the Year Ended 31 March 2022

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.

2020/21 £000		2021/22 £000
(3,096)	Balance on the HRA at the end of the previous year	(5,374)
(3,982)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	48
769	Adjustments between accounting basis and funding basis under statute	320
(3,213)	Net (Increase) or decrease before transfers to or from reserves	368
	Transfers to / (from) earmarked reserves:	
(500)	Affordable Housing Account	(300)
1,435	Appropriation of General Fund Property	936
935	Net transfer to / from earmarked reserves	636
(2,278)	(Increase) or decrease in year on the HRA	1,004
(5,374)	Housing Revenue Account surplus carried forward	(4,370)
	Summary of HRA Balance Commitments:	
1,000	Minimum Policy Level	1,000
687	Affordable Housing Initiatives	0
3,687	Scottish Housing Quality Standard / New Build / Zero Carbon	3,370
5,374	Total HRA Balance Commitments	4,370

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

2020/21 £000		2021/22 £000
	Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement	
(12,234)	Depreciation	(13,085)
(4)	Employee Benefits	(6)
(754)	IAS 19 Pension Adjustment	(856)
(12,992)		(13,947)
1,443	Loans fund principal repayments	1,239
8,582	Capital expenditure funded by the HRA	10,823
500	Capital expenditure funded by Affordable Housing Reserve	300
(1,435)	Appropriation of General Fund Property	(936)
4,670	Non Specific Grant Income	2,503
(160)	HRA Share of contributions to or from the Pensions Reserve	(54)
13,600		13,875
	Gain/Loss on Sale of HRA non-current assets	
189	Non-current assets sales proceeds (net of cost of sales)	3,241
(28)	Net Book Value of non-current assets sold	(2,849)
161		392
13,761		14,267
769	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	320

Housing Stock

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

2020/21		2021/22
41% / 59%	Houses / Maisonettes	42% / 58%
	Stock changes can be summarised as follows:-	
7,675	Stock at 1 April	7,693
	Add:	
0	New Build	51
21	Acquisitions / Conversions	7
	Less:	
(1)	Open Market Sales	(7)
(2)	Closures / Demolitions/Conversions	(27)
7,693	Stock at 31 March	7,717

Rent Arrears

Rent arrears as at 31 March 2022 were £2.671 million, and the comparable figure for 31 March 2021 was £2.281 million.

The provision for bad or doubtful debt has increased from £1.285 million at 31 March 2021 to £1.550 million at 31 March 2022.

Prior Year Items

There are no exceptional or prior year items disclosed in the 2021/22 HRA Income and Expenditure Statement.

Council Tax Income Account and Notes**Income Account**

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

2020/21 £000		2021/22 £000
66,371	Gross Council Tax Levied & contributions in Lieu	67,015
(5,807)	Council Tax Reduction Scheme (CTRS)	(5,524)
0	Discounts for Prompt Payment	0
(7,766)	Other Discounts & Reductions	(7,890)
(1,094)	Write-off of Uncollected Debts & Allowances for Impairments	(1,115)
51,704	Net Council Tax Income	52,486
367	Adjustment to previous years' Council Tax	398
52,071	Transfers to the General Fund	52,884

Council Tax Income

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

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two adult residents of a property. Discounts are made for unoccupied property. Persons who are in detention, qualifying students and people with learning disabilities are disregarded for Council Tax purposes. Reductions in Council Tax payable are also available for people with other qualifying disabilities. The range of values and the fractions used in calculating the Council Tax payable for each valuation band are set out below. The fractions of Band D were amended on 1 April 2017 to increase the Council Tax due for Bands E to H properties.

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

Calculation of the Council Tax Charge Base 2021/22

2020/21		Valuation Band								2021/22
TOTAL		A	B	C	D	E	F	G	H	TOTAL
56,972	Total Number of Properties	15,263	12,914	7,264	8,799	7,903	3,217	1,724	166	57,250
1,947	Less Exemptions/ Deductions	984	383	192	142	109	25	13	18	1,866
5,273	Less Adjustment for Single Discounts	2,215	1,250	665	624	407	116	56	3	5,336
906	Less Adjustment for Double Discounts	418	207	121	96	71	30	23	9	975
48,846	Effective Number of Properties	11,646	11,074	6,286	7,937	7,316	3,046	1,632	136	49,073
	Band D Equivalent Factor (Ratio)	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
47,619	Band D Equivalent Number of Properties	7,799	8,613	5,604	7,959	9,534	4,916	3,167	333	47,925
834	Less Provision for Non-Collection 1.75%	136	151	98	139	167	86	55	6	838
46,785	Base as per Budget Setting	7,663	8,462	5,506	7,820	9,367	4,830	3,112	327	47,087
4,630	Less CTRS Band D Equivalent	2,446	1,176	551	389	189	79	39	1	4,870
42,155		5,217	7,286	4,955	7,431	9,178	4,751	3,073	326	42,217

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2021/22 Council Tax income of £56.832m. Inclusion of £0.250m for income from long term empty properties, Surplus Local Tax income of £0.100m, income from MOD properties of £0.100 the Council Tax Reduction Scheme payments of £5.745m, results in a net budget for Council Tax income of £50.537m.

Council Tax Properties and Council Tax Charges

2020/21 Effective Number of Properties	2020/21 Total Council Tax Charge £		2021/22 Effective Number of Properties	2021/22 Total Council Tax Charge £
11,779	804.36	A	11,646	804.36
11,030	938.42	B	11,074	938.42
6,273	1,072.48	C	6,286	1,072.48
7,876	1,206.54	D	7,937	1,206.54
7,169	1,585.26	E	7,316	1,585.26
2,974	1,960.64	F	3,046	1,960.64
1,608	2,362.81	G	1,632	2,362.81
137	2,956.03	H	136	2,956.03
48,846			49,073	

Non-Domestic Rates Income Account and Notes

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

2020/21 £000		2021/22 £000
40,755	Gross Rates Levied & Contributions in Lieu	39,743
(21,510)	Reliefs & Other Deductions	(17,348)
17	Write-offs of uncollectable debts & allowances for impairment	(14)
19,262	Net Non-Domestic Rate Income	22,381
(1,621)	Adjustment to previous years' National Non-Domestic Rates	(2,376)
0	Non-Domestic Rate Income Retained by Council (BRIS)	(15)
17,641	Contribution to Non-Domestic Rate Pool	19,990

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.

2020/21 £000		2021/22 £000
17,768	Distribution from Non-Domestic Rate Pool	19,767
0	Non-Domestic Rate Income Retained by Council (BRIS)	0
17,768	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	19,767

The 2021/22 rate poundage which is set nationally was 49p with an intermediate property rate under the Non-Domestic Rates (Levying and Miscellaneous Amendments) (Scotland) Regulations 2021 of 1.3p for properties with a rateable value of £51,001 to £95,000, and a higher property rate of 2.6p for properties with a rateable value over £95,000.

Rateable Subjects and Values (1 April 2021)

No of properties	Rateable Value as at 1 April 2020 £000	Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2021 £000
1,160	16,587	Shops	1,168	16,542
86	1,309	Public Houses	85	1,298
469	4,789	Offices including banks	476	4,734
60	1,737	Hotels etc	58	1,729
1,236	17,404	Industrial Subjects etc	1,268	17,532
496	6,256	Leisure, Entertainment, Caravans etc	514	6,248
105	1,226	Garages and Petrol Stations	105	1,376
56	616	Cultural	55	635
791	1,174	Sporting Subjects	791	1,168
85	8,888	Education and Training	83	8,884
326	7,801	Public Service Subjects	322	7,630
7	99	Communications (Non Formula)	7	85
20	573	Quarries Mines etc	20	508
175	861	Religious	172	853
133	7,813	Health & Medical Care	134	7,526
379	3,586	Other	386	3,402
5,584	80,719	Total	5,644	80,150

Charitable Trusts

The Council acts as sole trustee for a total of 59 Charitable Trusts and Endowments including 54 Educational Endowments. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2022.

Income and Expenditure Account for the year ended 31 March 2022

2020/21		2021/22		
£000		OSCR Registered £000	Other £000	Total £000
	Expenditure			
44	Beneficiaries	45	2	47
35	Administration	37	0	37
79	Total Expenditure	82	2	84
	Income			
(44)	Rents, feu duties, dividends and interest	(48)	0	(48)
(10)	Loans Fund interest	(6)	(1)	(7)
(4)	Transfer from Capital Account/Endowment Funds	0	0	0
(58)	Total Income	(54)	(1)	(55)
21	(Surplus)/Deficit	28	1	29

Balance Sheet as at 31 March 2022

31/3/21		31 st March 2022		
£000		OSCR Registered £000	Other £000	Total £000
	Non-Current Assets			
2	Heritable Property	0	2	2
1,345	Long Term Investments	1,585	0	1,585
1,347	Total Non-Current Assets	1,585	2	1,587
	Current Assets			
10	Debtors	13	0	13
47	Short Term Investments	104	0	104
1,001	Revenue Advances to Loans Fund	466	210	676
1,058	Total Current Assets	583	210	793
	Current Liabilities			
(6)	Creditors and accruals	(6)	0	(6)
(6)	Total Current Liabilities	(6)	0	(6)
1,052	Working Capital	577	210	787
2,399	Total Net Assets	2,162	212	2,374
	Reserves			
2,101	Capital Account/Endowment Funds	2,096	8	2,104
298	Reserve Account/Unrestricted Funds	66	204	270
2,399	Total Reserves	2,162	212	2,374

The accounts were issued for audit on the 30 June 2022 and the audited accounts were authorised for issue by the Director of Finance on the 29 November 2022.

Ian Lorimer CPFA
Director of Finance

Notes - Principal Trust Funds

Charity	Area Covered	Balance at 31/03/22 Capital £000	Balance at 31/03/22 Revenue £000
ACCT – Angus Wide	Angus Wide	592	5
Robert & William Strang Mortification	Forfar	1,504	61
TOTAL		2,096	66

Capital Reserves/Endowment Funds

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

	Balance at 01/04/21 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at 31/03/22 £000
Movement during year	2,101	240	28	(265)	2,104

Registered Charities

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

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

Financial Instruments

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

Charities Reorganisation Proposals

The Council previously administered a total of 196 Charitable Trusts and Endowments. In conjunction with OSCR, the Council reorganised these Trusts and Endowments by consolidating 97 registered Charities and 42 non-registered Trusts into a new single charity. OSCR approved this consolidation and the transfer was effected as at 1 August 2014. The only registered charity not encompassed by the consolidation was Robert & William Strang Mortification which remains as a separate charity. The remaining 57 non-registered Trusts are primarily Educational Endowments and remain unchanged.

Audit Arrangements

The 2 OSCR registered Charities are subject to independent external audit and this is being carried out by the Council's external auditors (Audit Scotland). The audit fee of £6k in respect of Robert & William Strang Mortification (£3k) and Angus Council Charitable Trust (£3k) was borne by the charities.

Common Good

The Common Good is administered by local authorities in Scotland. It is vested in the local Council. In Angus the Council administers the Common Good Account for five towns within the district. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2022.

Income and Expenditure Account for the year ended 31 March 2022

Actual 2020/21 £000		Budget 2021/22 £000	Actual 2021/22 £000
	Expenditure		
31	Property Costs	35	29
1	Supplies and Services	2	9
31	Central Support Services Charges	29	29
244	Projects	691	239
46	Loan Interest & Principal Repayable	47	47
700	Depreciation & Impairment	699	699
1,053	Total Expenditure	1,503	1,052
	Income		
(295)	Fees, Charges etc	(330)	(315)
(13)	Interest on Revenue Balances	(11)	(8)
(3)	Other Income	(44)	(129)
(311)	Total Income	(385)	(452)
742	Net (Surplus)/Deficit	1,118	600

Balance Sheet as at 31 March 2022

as at 31 st March 2021 £000		As at 31 st March 2022 £000
	Non-Current Assets	
18,339	Heritable Property (less Depreciation), Other Assets	22,243
23	Long Term Debtors	21
18,362	Total Non-Current Assets	22,264
	Current Assets	
3	Debtors	3
2,954	Revenue Advances to Loans Fund	3,053
2,957	Total Current Assets	3,056
	Current Liabilities	
(35)	Creditors and Accruals	(38)
(35)	Total Current Liabilities	(38)
2,922	Working Capital	3,018
(233)	Long Term Creditor	(195)
21,051	Total Net Assets	25,087
	Usable Reserves	
2,113	Revenue Cash	2,212
841	Capital Cash	841
10,466	Funds tied up in fixed assets	9,875
	Unusable Reserves	
7,631	Revaluation Reserve Account	12,159
21,051	Total Reserves	25,087

The accounts were issued for audit on the 30 June 2022 and the audited accounts were authorised for issue by the Director of Finance on the 29 November 2022.

Ian Lorimer CPFA
Director of Finance

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

	Revenue Cash at 31/03/21 £000	Income £000	Expenditure £000	Revenue Cash at 31/03/22 £000
Arbroath	501	100	(100)	501
Brechin	505	51	(73)	483
Forfar	732	103	(72)	763
Kirriemuir	8	0	0	8
Montrose	367	198	(108)	457
TOTAL	2,113	452	(353)	2,212

Capital

	Capital Cash at 31/03/21 £000	Income £000	Expenditure £000	Capital Cash at 31/03/22 £000
Arbroath	281	0	0	281
Brechin	206	0	0	206
Forfar	202	0	0	202
Kirriemuir	0	0	0	0
Montrose	152	0	0	152
TOTAL	841	0	0	841

Funds tied up in fixed assets

	Reserve Account Balance at 31/03/21 £000	Movement 2021/22 £000	Reserve Account Balance at 31/03/22 £000
TOTAL	10,466	(591)	9,875

UNUSABLE RESERVES**Revaluation Reserve Account**

	Reserve Account Balance at 31/03/21 £000	Movement 2021/22 £000	Reserve Account Balance at 31/03/22 £000
TOTAL	7,631	4,528	12,159

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2021/22

	(Surplus) Deficit on Inc. & Exp. Account £000	Adjust for Non Cash Transactions (See Note 3) £000	Adjust for Cash Transactions £000	Balance Advanced (To)/From Loans Fund £000
Arbroath	120	(121)	0	(1)
Brechin	92	(70)	0	22
Forfar	(21)	(9)	0	(30)
Kirriemuir	0	0	0	0
Montrose	409	(499)	0	(90)
TOTAL MOVEMENT IN YEAR	600	(699)	0	(99)
2020/21 Balance b/fwd cash due Loans Fund				(2,954)
Increase per surplus above				(99)
Cash due Loans Fund as at 31/03/22				(3,053)

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation & Impairment	699
Total	699

The above Common Good accounts for 2021/22 and Balance Sheet as at 31/03/2022, have applied, where relevant, the same accounting policies as those for Angus Council's 2021/22 Annual Accounts as stated in "Note 1 – Summary of Significant Accounting Policies".

Independent auditor's report to the members of Angus Council and the Accounts Commission**Reporting on the audit of the financial statements**

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Angus Council and its group for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rates Income Account, the Charitable Trusts Income and Expenditure Account and Balance Sheet, the Common Good Income and Expenditure Account and Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 June 2021. The period of total uninterrupted appointment is two years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the **Audit Scotland website**.

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

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

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Other information

The Director of Finance is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Carole Grant CPFA

Audit Director
Audit Scotland
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