

AUDITED ACCOUNTS
2022/23



Angus Council – Annual Accounts 2022/23

Contents

Management Commentary.....	2
Annual Governance Statement 2022/23	26
Angus Council Remuneration Report 2022/23	34
The Statement of Responsibilities	47
Movement in Reserves Statement	48
Comprehensive Income and Expenditure Statement.....	49
Balance Sheet.....	50
Cash Flow Statement	51
Notes to the Accounts	52
Note 1 – Summary of significant Accounting Policies.....	52
Note 2 - Accounting Standards Issued, but Have not Yet Been Adopted	65
Note 3 - Critical Judgements in Applying Accounting Policies	66
Note 4 - Assumptions made about the Future and other Major Sources of estimation uncertainty	66
Note 5 – Expenditure Adjustments between Accounting Basis and Funding Basis under Regulations	67
Note 6 - Transfers to/from Earmarked Reserves.....	69
Note 7 - Financing and Investment Income and Expenditure.....	71
Note 8 - Taxation and Grant Incomes	72
Note 9 – Expenditure and Funding & Subjective Analysis	72
Note 10 - External Audit Costs	75
Note 11 - Property, Plant and Equipment	75
Note 12 – Heritage Assets	77
Note 13 – Long Term Debtors	77
Note 14 – Short Term Debtors	78
Note 15 - Cash and Cash Equivalents	78
Note 16 – Short Term Creditors	78
Note 17 - Unusable Reserves	78
Note 18 - Termination Benefits.....	81
Note 19 – Councillor Remuneration, Allowances and Expenses.....	81
Note 20 – Teachers Pensions Scheme Accounted for as Defined Contribution Scheme.....	81
Note 21 - Defined Benefit Pension Schemes.....	82
Note 22 - Related Parties	87
Note 23- PFI / PPP and Similar Contracts.....	89
Note 24 - Leases.....	92
Note 25 - Capital Commitments	93
Note 26 - Construction Contracts	93
Note 27 - Capital Expenditure and Capital Financing	93
Note 28 - Financial Instruments.....	95
Note 29 - Nature and Extent of Risks Arising from Financial Instruments	98
Note 30 - Loans Fund Revenue Account	101
Note 31 – Other Long Term Liabilities.....	101
Note 32 – Contingent Liability/Asset	102
Group Accounts	103
HRA Income and Expenditure Statement.....	114
Council Tax Income Account and Notes.....	118
Non-Domestic Rates Income Account and Notes	120
Charitable Trusts.....	122
Common Good	124
Independent auditor's report to the members of Angus Council and the Accounts Commission.....	127

Management Commentary

1. Purpose

The Management Commentary explains Angus Council's financial performance for the year ended 31st March 2023. It also 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. The Council's political Administration during financial year 2022/23 was formed of the Scottish National Party group and 2 independent councillors. 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



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. The Council now works closely with a wide range of public, private and third sector 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 consider how they are provided and who can offer the best value – that may or may not be the council.

The council continues 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 longer term impacts of the COVID-19 pandemic and other long term challenges such as addressing climate change and issues such as child poverty.

4. The Council Plan 2022-2025

The Council Plan covering financial year 2022/23 was agreed by elected members prior to the local government elections in May 2022, and the formation of the Council's new administration group thereafter. This was the final year of the old Council Plan. At the budget setting meeting on 3 March 2022 members were asked to approve revisions to this Council Plan ([Report 55/22 Appendix 1](#)) that were made in line with the 2022/23 budget setting process.

A new Council Plan was agreed in March 2023, however the Council's Annual Performance Report which will be presented to Council in September 2023, will be looking back at the progress in relation to the old Council Plan that was agreed in March 2022, which is also the focus for this management commentary.

The Council Plan (agreed in March 2022) re-endorsed our vision that 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.

4.1 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 and our performance review process has been revised to be values focussed. Our regular 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 Plan agreed in March 2022 was developed alongside our 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 2022/23 and against which we will measure our outcomes:-

4.2 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, 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

4.3 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 of our young people
- Increase the attainment and achievement of our children and young people, including looked after children

4.4 Priority 3 - Place

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

To do this we will:

- Continue to reduce the council's carbon footprint with the aim of reducing our net carbon emissions to zero by 2045
- 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
- Coordinate our place-based activity and investment through the development of the Angus Local Development Plan (known as the Angus Plan).

4.5 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 revenue budget
- Identify efficiencies in our capital spend through end to end review of programme and projects
- continue the rationalisation of our property

4.6 Strategy on a Page (SOAP)

In addition to our four strategic priorities, the introduction of our Strategy on a Page summary of the Council's overall purpose in 2021 has helped provide focus and prioritise work across Angus linked to our recovery from the pandemic and other exceptional events that have been experienced by the organisation. 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

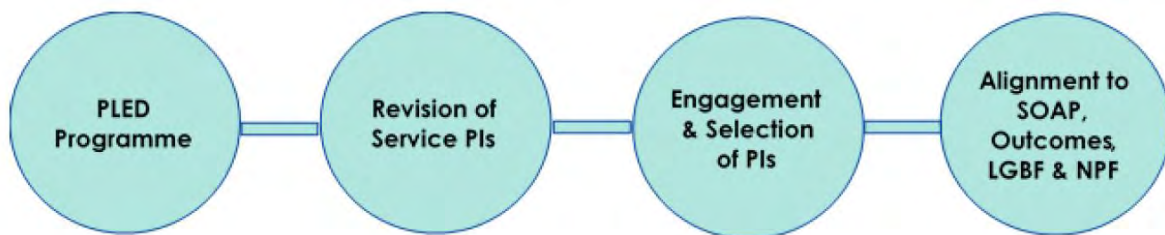
Create an inclusive culture by trusting and empowering employees, as well as ensure equality in the workforce.

Recovery from the pandemic was a key element of our Council Plan and the Strategy on a Page was key to our work during 2022/23. This was also reported in the Best Value Audit report in July 2022 (See Section 17 below) and has helped to develop new and more focussed service activity.

4.7 Council Performance

The Council continues to strive towards its performance led authority ambition, with a focus on embedding continuous improvement. In order to better monitor and review the effectiveness of our work, we developed new indicators and targets for the 2022/23 Council Plan. These were co-produced with teams delivering services as part of our Performance-Led Council (PLED) Programme, which recognises that teams best understand which data truly shows the impact of the work that they do.

Fig.2



The Council Plan ([Report 302/22 Appendix](#)) and Community Plan ([Report 303/22 Appendix](#)) performance reports which were considered during financial year 2022/23 (relating to performance during financial year 2021/22) can be found by following the above hyperlinks.

In overall terms, the Council performance during 2022/23 has continued to deliver on key areas of work that were targeted as part of the Council Plan agreed in March 2022. Good progress has been made on a number of initiatives under each of the Economy, People, Place and Our Council themes. The following narrative provides a brief overview for each theme.

In Economy, a number of the Tay Cities Deal initiatives have advanced, including the trialling of Drone flights between Stracathro Hospital near Brechin, and Ninewells hospital in Dundee. The Council's Transition to Net Zero Action Plan :2022 to 2030 was also developed and signed off by Council, with a number of the initiatives included in the action plan now in progress. There also continues to be a significant focus on Employability and Skills with the roll-out of the 'No One Left Behind' strategy supporting individuals who require support entering into the labour market.

In People, 2022/23 has been extremely challenging for many of our citizens, their families, and communities, as the cost of living has soared. Our services and partners have sought to mitigate and address rising need by increasing targeted support and working more collaboratively than ever before. There have been a number of Cost-of-Living roadshows events across Angus to support our communities. Education and Lifelong learning continue to support young people progress to mitigate the impact of the pandemic on their learning and future opportunities. There has also been an increasing percentage of three-and-four-year-olds accessing funded early learning and childcare (ELC) provision. The Children, Families and Justice Service have continued to prioritise their work in relation to the five Angus Promises, however, have been facing an increase in demand and challenges with recruitment of foster and kinship carers. There also continues to be a strong focus on addressing Child Poverty action, with trends highlighting increasing numbers over recent times.

In Place, Angus continues to perform well in recycling, and continues to look at ways for improving the service. Carbon reduction and climate change also focussed highly in the Council's investment priorities, including the design approach that was progressed for the new Monifieth Learning Campus which is to passivhaus standard. Supporting active travel initiatives is also high on the Council's priorities, along with investment in initiatives to support young people benefitting from free public transport. The Council has continued projects to invest in coastal management and has been developing its strategies to support more meaningful public engagement through investment in Service Design and development of engagement policies and guidance. Housing performance has continued to be an area identified for improvement, and while investment continues to be delivered in the housing stock, lost income through voids has been highlighted as an ongoing area of concern that needs to be addressed.

The Our Council theme has continued to perform well in delivery of the Change Programme savings for 2022/23, where delivery against target achieved 97.6%. Extensive work by the Corporate Leadership Team was undertaken during 2022/23 to develop the next iteration of the Change Programme covering the 3-year period 2023/24 to 2025/26. The roll-out of the Council's Digital Strategy continued with improvements implemented in Office 365 and cloud hosted serves. Significant support was provided to Angus Alive over the period, including the development of their transformation programme. A similar approach was initiated with Tayside Contracts. Good progress was also achieved with the Council's performance-led programme and a data maturity assessment was undertaken in partnership with Scottish Government in order to establish an improvement action plan and roadmap to ensure that the Council is driving better value from its data assets.

As in previous years the Council Plan and Community Plan performance reports are tabled together at full Council in September 2023 to provide a clear picture and full details of progress in achieving the Council and Community Planning Partnership priorities during the 2022/23 period. This also includes more detailed project narratives and case studies which bring to life the performance data and related improvement work, reflecting the real-life impacts our work is having on outcomes for the citizens of Angus.

The latest LGBF report was issued in January 2023 (i.e. during 2022/23 financial year), which reflects performance during 2021/22 due to time lag for collecting data and formulating the report, and this provides the best information available to track overall performance progress. Reports on Council LGBF performance are also now considered annually by the Council's Scrutiny & Audit Committee.

4.7.1 LGBF – Performance Overview

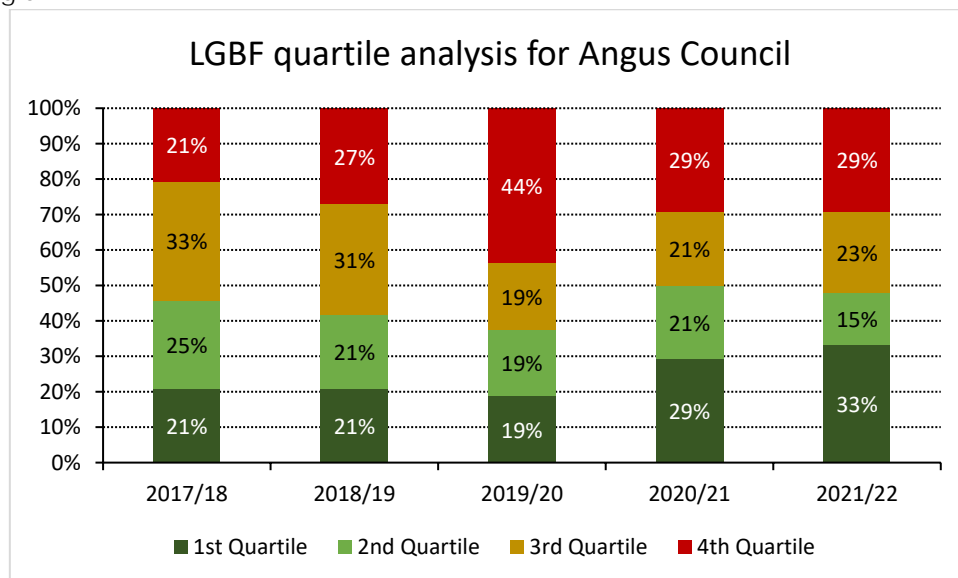
Council teams also consider the Local Government Benchmarking Framework (LGBF) to consider, where possible, our performance with other councils, particularly those in similar authority groupings. This approach provides a holistic overview of Council performance across a wide range of Council services and is used to inform future service planning and identify areas requiring a deeper analysis and consideration of performance variation and trend information

The latest LGBF report was issued in January 2023 (i.e. during 2022/23 financial year), which reflects performance during 2021/22 due to time lag for collecting data and formulating the report, and this provides the best information available to track overall performance progress. Reports on Council LGBF performance are also now considered annually by the Council's Scrutiny & Audit Committee, report 177/23 refers.

The national overview report (Link) supports performance analysis across local government in Scotland and, as Audit Scotland noted in the July 2022 Angus Council Best Value Assurance Report, it allows relative performance to be assessed by dividing it into four quartiles, with quartile one representing top performance and quartile four representing poorest performance.

The chart below adopts a similar approach to Audit Scotland's performance analysis from July 2022 to compare mainly outcomes-based indicators over five-years between 2017/18 and 2021/22. The Council's performance against the 2021/22 LGBF continues to be mixed. There is good and improving performance in some areas but also scope for improvement in others. The proportion of Angus Council's performance indicators in the top quartile is at 33 per cent, the highest over the five-year period.

Fig.3



Notes:

1. The analysis is based on 48, mainly outcomes-based indicators, which were reported every year within the five-year period. The analysis excludes satisfaction and most cost-based indicators as high or low cost cannot be easily determined as positive or negative because these may be influenced by a council's priorities and local circumstances.
2. Due to comparability issues, education attainment indicators have been excluded from this analysis.
3. Some columns may total to more or less than 100% due to rounding.

4.7.2 LGBF – Best and Worst Performing Indicators

The following lists show our best and worst performing indicators by rank, and those with the greatest improvement or deterioration. The method noted above has been used to produce the lists which show no clear pattern in performance with indicators spread across service areas.

(i) The 5 Best Performing Indicators by Rank

2nd of 32 - Street cleanliness

2nd of 32 - Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)

3rd of 32 - Proportion of operational buildings that are suitable for their current use
 3rd of 32 - % of procurement spend spent on local enterprises
 5th of 32 - Sickness absence days per employee (non-teacher)

(ii) The 5 Indicators with greatest improvement in rank

Up 20 (25th-5th) - Sickness absence days per employee (non-teacher)
 Up 11 (14th-3rd) - % of procurement spend spent on local enterprises
 Up 10 (19th-9th) - Sickness absence days per teacher
 Up 9 (13th-4th) - % of funded early years provision which is graded good/ better
 Up 9 (32nd-23rd) – Immediately available employment land as a % of total land allocated for employment purposes in the local development plan

(iii) The 5 Worst Performing Indicators by Rank

32nd of 32 - % of unemployed people assisted into work from council operated/ funded employability programmes
 26th of 26 - % of rent due in the year that was lost due to voids
 31st of 32 - % of B Class roads that should be considered for maintenance treatment
 30th of 32 - % of the highest paid 5% employees who are women
 27th of 32 - % of people 65 and over with long-term care needs receiving personal care at home

(iv) The 5 Indicators with greatest deterioration in rank

6 Down (15th-21st) - Claimant Count as a % of 16-24 Population
 5 Down (25th-30th) - % of the highest paid 5% employees who are women
 5 Down (22nd-27th) - Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections
 5 Down (8th-13th) - % of U Class roads that should be considered for maintenance treatment
 5 Down (1st-5th) - % of total household waste arising that is recycled

4.7.3 LGBF – Customer Satisfaction

The LGBF also includes customer satisfaction data derived from the Scottish Household Survey. The LGBF data shows that service satisfaction has generally declined across Scotland. This is also the picture within Angus. However, except for 3 areas, satisfaction levels for 2018-21 are all above the average for Scotland, as shown below.

Angus Council's performance against LGBF satisfaction indicators

Fig.4

	Angus Council		Scotland	
	2017-20	2018-21	2017-20	2018-21
adults satisfied with local schools	74.5	80.5	71.8	74.5
adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	85.6	81.7	80.0	78.1

	Angus Council		Scotland	
	2017-20	2018-21	2017-20	2018-21
adults supported at home who agree that they are supported to live as independently as possible	84.8	72.6 Below Scotland	80.8	78.8
adults supported at home who agree that they had a say in how their help, care or support was provided	82.0	76.8	75.4	70.6
carers who feel supported to continue in their caring role	34.9	29.5 Below Scotland	34.3	29.7
adults satisfied with libraries	77.2	77.2	72.4	74.4
adults satisfied with parks and open spaces	87.2	90.9	83.5	85.5
adults satisfied with museums and galleries	62.3	60.7 Below Scotland	69.3	71.3
adults satisfied with leisure facilities	75.5	75.5	70.1	71.8
adults satisfied with refuse collection	80.7	83.1	74.3	75.3
adults satisfied with street cleaning	72.3	69.6	62.6	60.0

Source: Local Government Benchmarking Framework

4.7.4 Council **Services' Performance Information**

During financial year 2022/23, Council services have also reported a range of 2021-22 performance information for scrutiny in these reports:

- Angus Chief Social Work Officer Annual Report 2021-22
- [Angus Education Report 2021-2022](#)
- [Angus Health & Social Care Annual Performance Report 2021-22](#)
- [Angus Alive Annual Performance Report 2021-22](#)
- [Tayside Contracts Annual Performance Report 2021-22](#)
- [Angus Joint Child Poverty Local Action Plan - Our Bright Futures Report 2021-22](#)
- [Tayside Regional Improvement Collaborative Annual Report 2021-22](#)
- [Annual Planning Performance Framework 2021-22](#)
- [Social Housing Charter report card 2021-22](#)

4.7.5 Other Public Performance Information

In addition to the above, and to enhance our performance reporting to the public, accessible Angus charts, along with full text-descriptions, are also available on our [how we compare pages](#) of the Council's website. They report Angus data, the Scottish Average and any targets Council services have set. Notes include any performance explanations or references to performance reports Council services have added. These pages are also linked to the range of user-friendly charts for public use provided by the Improvement Service on the [my local council](#) website.

5. Finance & Change Plan

At its 2022/23 budget setting meeting in March 2022, 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 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.

6. Change Programme

The Change Programme 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 2022/23 iteration of the Change Programme highlighted that as many of the Council's investment and enabling programmes and projects were also included in the Council Plan, the 2022/23 Change Programme was re-aligned with its primary focus on savings, bringing the benefit of focussing the Change Programme entirely on savings delivery/ assurance, linked to the importance of addressing the challenging financial position which the Council faced.

Service contraction was highlighted as an unavoidable and inevitable consequence of the overall funding that is available to the Council, resulting in the introduction of each Council Directorate identifying a range of service contraction savings with targets of 1%, 2% and 2% over the 3-year period 2022/23 to 2024/25.

It also now includes the new Service Design initiative and the various 'tests of change' identified represent investment in medium to longer term transformation projects which will shift our current ways of working, designed with the needs of our customers at its heart. Non-financial benefits are likely to be achieved in the short to medium term with financial benefits taking longer to deliver, with some linked to whole system transformational change also involving Community Planning partners.

Various initiatives emerging, reflecting new ways of working from the Council's approach to Recovery & Renewal through the pandemic, were also being integrated into the Change Programme and Council Plan to ensure that all our strategic change is co-ordinated across the organisation.

In terms of the delivery of the Change Programme budget savings during financial year 2022/23, the Council has delivered 97.6% of the original budget setting target for 2022/23 of £6.801m.

7. Performance Led Council

The Council has been developing its performance management framework over the past few years through its Performance Led (PLED) Programme. This was referenced in the July 2022 Angus Council Best Value Assurance Report (paras 57 to 64 refer), which noted that the pace of this programme was required to increase and recommended that: *"The Council should complete its implementation of the PLED programme which will improve the use of performance information and better demonstrate the impact of improvement actions"*.

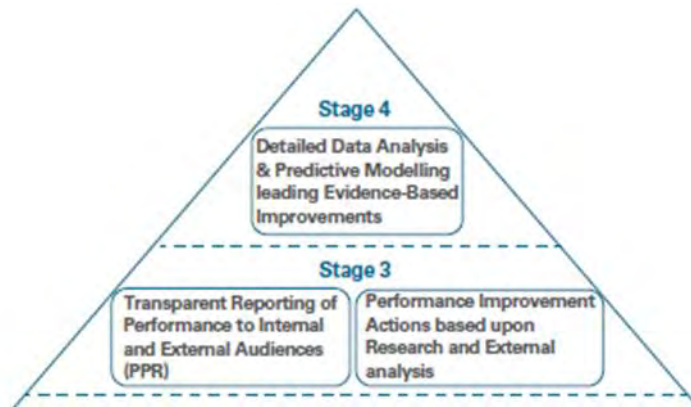
Since that time (July 2022) all Council services have prioritised the work relating to stages 1 and 2 of the PLED Programme and this is now confirmed as being 100% complete.

The ongoing work included in PLED stages 1 and 2 will continue as business-as-usual activity through following an annual improvement cycle. Compliance assurance will be captured in a new section as part of the Annual Governance Statement questionnaires which are completed annually by each Directorate (starting in year 2023/24).

In terms of progress with stages 3 and 4 of the PLED Programme, the Council has recently completed a Data Maturity Assessment as part of a Scottish Government cohort of ten public sector organisations. The

information gathered will support the development of an Action Plan and Roadmap which will support the progress with aspects of stage 3 and 4 of the PLED Programme, shown in the illustration below.

Fig. 5



In addition, the Council's Digital Strategy Board have now set the direction for the Council's future use of the 'Power BI' application. That Board agreed that this tool should be adopted as the corporate preferred tool used for new reporting and Business Information requirements as systems are upgraded and replaced. This will support progress with the transparent reporting of performance and data analysis and has already been trialled in relation to our Change Programme Business Insights work, along with the development of service level dashboards.

The Council is also currently exploring 'test-of-change' initiatives linked to making better use of our data and that of a range of our partners, which will potentially be exemplars particularly well linked to stage 4 of the PLED pyramid.

8. Best Value Audit of Angus Council: Progress with Recommendations

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). It was also referenced in the Audit Report to Members relating to financial year 2021/22 having been concluded during the period of auditing the annual accounts.

The actions in response to the four recommendations from the report have been progressed with a summary of the latest position with each included in [Report 180/23 Appendix 3](#) of the Corporate Governance Annual Review considered by the Council's Scrutiny & Audit Committee at its meeting on 15 June 2023.

9. Looking Forward

The updated Council Plan 2022-2028, published in March 2023 set out the council's vision, priorities and overarching strategic policy framework for the next five years. The plan highlights the financial challenges facing local government in Scotland on a scale never seen before.

In Angus, £78.1m has already been saved from the Council's core budget over the last 10 years, and the new plan references an estimated £70m of further savings likely to be required over the next 5 years, highlighting that this cannot be achieved by continually cutting services. Rather, the Council must find radical, wide-ranging, and innovative ways of tackling rising costs and reducing budgets, while supporting those most vulnerable in our community. The new Council Plan provides renewed focus and commitment to work even more closely and effectively with all partners, stakeholders, and communities, with the council being a catalyst, rather than the sole provider of some services.

This approach will afford the council the best chance to protect and resource the core services it is legally required to deliver but this will be a significant challenge to do. These include education, support and protection of vulnerable people, roads, and waste services alongside the important provision of housing, although these too face change. Over the past 12 months the council has faced a wide range of

additional challenges from the legacy of the COVID pandemic, storms, floods and now the Cost-of-Living crisis. Recovery from these is best achieved when the affected community can exercise a high degree of self-determination and contribute to the process. Therefore, there are clear links in the new Council Plan to the new Angus Community Plan which is the partnership response to local needs and outlines the approach and collaborative activity to support our economy, people and place. By aligning our Community Plan and expanding community collaboration, it should be possible to drive forward the council's vision to make Angus a great place to live, work and visit.

The updated Council Plan has therefore been structured around the same Priorities as the Angus Community Plan:

- Caring for our Economy
- Caring for our People
- Caring for our Place

In addition, the new Council Plan includes an additional Priority:

- Angus Council is Efficient and Effective

Indicators of progress have been developed which are linked to each of the Council Plan priorities. They are intended to provide strategic oversight of progress by using measures which relate to each priority area and these will be utilised for future performance reporting.

10. 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.
- 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; waste (waste collection and recycling); parks & cemeteries (ground maintenance, landscaping services, tree management, allotments and burial grounds).
- Children, Families & Justice – where the main areas of responsibility include statutory children & families services (family support, children with disabilities services, including respite and outreach provision, adoption, fostering and kinship services, looked after children's services, residential services, child protection services) and criminal justice social work as well as supporting a range of statutory strategic partnerships.
- 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 & planning; risk, resilience & safety; governance & change, comms and internal audit & counter fraud.
- Vibrant Communities & Sustainable Growth – mainly responsible for building standards, planning (development planning applications, built heritage and placemaking), building standards, climate change, biodiversity, environment and access; housing (management of council housing, Local Housing Strategy, Affordable Housing Supply Programmes, private landlord registration, empty homes, homelessness); trading standards; environmental health (health &

safety, food safety, pollution, animal welfare, pest control); economic development (Tay Cities Deal, land & property, employability & skills and sectoral support); vibrant communities: Community Learning and Development (Community Development, Adult Learning and Youthwork), Community engagement, Participatory Budgeting, Community Asset Transfers and the resettlement of 'New Scots' and Asylum Seekers.

- 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 Directorates 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.

11. Financial Context – How the budgets were set for financial year 2022/23

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 2022/23 were originally agreed at a special Council meeting on 3 March 2022 (Report 62/22).

In order for the Council to set a balanced budget for 2022/23, the budget strategy included Change Programme savings of £6.801 million and £4.755 million of one-off measures from reserves. These are detailed in Report 67/22.

The council's Housing Revenue Account (HRA) is funded mainly by rents from council-owned properties. The revenue and capital budgets for the Housing Revenue Account were set at a special meeting of the Communities Committee on 8 February 2022, Report 32/22 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 114.

12. Financial Results

The annual accounts report the financial performance of the Council. 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 2022/23 (the 2022 code). The 2022/23 Annual Accounts have been prepared in accordance with this Code. A simplified summary of the Council's financial performance for 2022/23 was presented at the meeting of Angus Council on 22 June 2023 and report 189/23 and its appendices are available on the website.

The 2022 Code 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 help to demonstrate appropriate stewardship of public funds.

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 Accounts;
- Common Good Accounts.

12.1 What Revenue and Capital Expenditure Covers

Revenue expenditure covers all the costs of 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.

12.2 Revenue Outturn Position

The Comprehensive Income and Expenditure Statement Summary below sets out the cost of running Angus Council Services including the Housing Revenue Account and Adult Services (Angus Integration Joint Board) along with the overall revenue outturn position for the financial year from 1 April 2022 to 31 March 2023.

Fig.6 Comprehensive Income and Expenditure Statement (CIES) Summary

	Net Spend £m	Net Budget £m	Variance Under/ (Over)spend £m
Education & Lifelong Learning	150.454	155.584	5.130
Infrastructure & Environment	42.592	43.918	1.326
Children, Families & Justice	26.905	24.024	(2.881)
Human Resources, Organisational Development, Digital Enablement, Information Technology & Business Support	11.392	11.368	(0.024)
Strategic Policy, Transformation & Public Sector Reform	9.839	9.612	(0.227)
Vibrant Communities & Sustainable Growth	6.700	7.860	1.160
Finance	3.850	3.965	0.115
Legal & Democratic Services	3.310	3.389	0.079
Facilities Management	2.854	2.951	0.097
Other Services	10.545	14.667	4.122
Corporate Items	0.904	2.329	1.425
Joint Boards	0.817	0.814	(0.003)
General Fund Net Expenditure	270.162	280.481	10.319
Ukraine Support Grant	(2.722)	0.000	2.722
Adult Services	69.201	69.201	0.000
Housing Revenue Account	6.345	5.812	(0.533)
Net Cost of Service as per CIES	342.986	355.494	12.508
Other operating expenditure/(income)	(0.181)		
Financing & Investment Income & Expenditure	15.201		
Taxation and Non-specific Grant Income	(312.932)		
Deficit on Provision of Services transferred to the General Fund Reserve	45.074		

The table above shows that the overall revenue outturn for 2022/23 was an accounting deficit of £45.074 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), an increase of £15.007 million in the General Fund Reserve and a decrease of £0.184 million on the Housing Revenue Account reserve is evident as shown in the Movement in Reserves Statement on page 49.

The table (Fig 6) above also shows that, across all General Fund net expenditure budgets, there was a favourable variance against the original budget of £12.508 million. The majority of the variance was known about or planned for during 2022/23 and in setting the 2023/24 budget as part of the Council's proactive financial management arrangements. Also, a number of grants were received in 2022/23 but the spend for which will be incurred over a number of years e.g. Ukraine grant funding. These savings and prepaid grants require to be earmarked and carried forward from 2022/23 to 2023/24.

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

- a. Slippage within employee costs has returned an additional saving of £2.229 million against the budgeted slippage target of £2.359 million. This is primarily due to difficulties in filling vacant posts, which has impacted all Directorates, and also £1.002 million of savings in Education & Lifelong Learning due to industrial action by teaching staff. There was also almost £1m of savings in relation to the budget for a 1.25% increase in National Insurance contributions which was reversed by the UK Government part way through the financial year.
- b. Slippage in projects and works (£1.400 million) – 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.

- c. Pre-paid and ring-fenced grants of £9.195 million which, due to accounting treatment requirements, are shown as savings at the year end. This included Ukraine refugees grant funding of £2.722 million. These unspent grants will be used in the current and future financial years and represent delayed expenditure rather than a saving.
- d. Savings within Capital Financing Costs of £0.745 million due to lower than budgeted interest and expenses.
- e. Additional income arising from: profit sharing from the waste incineration plant in Dundee of £1.930 million (a base income budget was created as part of the 2023/24 budget setting as part of the Finance & Change Plan); and additional income from Interest on Revenue Balances of £1.110 million through rising interest rates on investments of cash balances with counterparties.
- f. These savings have been offset by the additional unbudgeted spend on external residential placements and fostering within Children Families & Justice of £2.881 million.

This overall saving on Directorate budgets for 2022/23 needs to be viewed in the context of further savings which have now been removed from Directorate budgets in 2023/24, along with the planned savings achieved as part of the future years budget & reserves strategies.

Overall Impact on the General Fund Reserve

The actual year end position on the General Fund Reserve was an increase of £15.007 million.

12.3 Service Concessions

In September 2022, the Scottish Government published Finance Circular 10/2022 which allows councils to apply additional flexibility to accounting treatment for PFI/PPP service concession arrangements in place prior to 1 April 2022. The guidance applies from financial year 2022/23 but permits retrospective application as an option. Councils can apply the flexibility in either 2022/23 or 2023/24. In practice, this allows councils to account for the financing of schools built using PFI and PPP over the life of the asset rather than the life of the contract. The use of this flexibility does not mean that the Council will be paying any additional money to the PPP/PFI contractors and the assets will revert to full ownership of the council once the original contract terms have been fulfilled. The Council has four PFI / PPP schemes to which the service concessions flexibility applies:

- A92 Dual Carriage Way – Arbroath to Dundee
- Forfar/Carnoustie Schools
- Forfar Community Campus
- Arbroath Schools.

Report 55/23 to Angus Council on 2 March 2023 sought approval for an amendment to the Council's accounting policy in relation to service concession arrangements. Council agreed a policy change which provided an ongoing £2.9 million benefit and a one-off financial benefit to the Council's General Fund Reserve at 31 March 2023 of £22.865 million. This has been included in the General Fund Reserve at March 2023 and specific proposals on the use of this were covered in report 57/23 to Angus Council on 2 March. The proposals included a number of measures intended to reduce the Council's ongoing cost base. Further details of this change in accounting policy can be found in Note 1 to the accounts (section U) and Note 23 to the accounts.

12.4 Agency Funding & Payments to Angus Businesses/Individuals 2022/23

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 Cost of Living Crisis and latterly economic recovery. The total amount of agency grant distributed in 2022/23 by the Council was approximately £1.8 million (£16 million in 2021/22), with the most significant grants shown below.

Fig. 7 – Agency Funding

Type of Grant	Primary Use of Funding	£m
Scottish Child Payment Bridging Payments	Bringing together the COVID hardship payments and the Family Pandemic Payment into one payment made 4 times a year.	1.698
Other Payments	Ventilation & Alternative Energy Support for Businesses	0.150
	TOTAL	1.848

12.5 Other Agency Services

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

12.6 Capital Outturn Position

Angus Council spent £33.929 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 2022/23 was £26.708 million.

The General Fund capital programme reported net expenditure of £17.132 million against a full year budget of £23.378 million, representing slippage of £6.246 million. The most significant areas of General Fund capital expenditure (on a net basis) undertaken during the year included:

- £2.195 million on the provision of waste and related services;
- £1.451 million on the provision, maintenance and upkeep of the council's buildings, property and IT infrastructure;
- £5.056 million on infrastructure works to roads – carriageway and footway reconstructions;
- £3.699 million on flooding / coastal protection related works, including a major flood scheme at Brothock Water, Arbroath;
- £1.628 million on the new Monifieth learning campus;
- £0.448 million on information and communications technology equipment in schools; and
- £0.643 million on corporate information and communication technology;

Material and labour supply issues continued to have a significant impact on the capital programme during 2022/23, as highlighted in the slippage that arose across all areas, but particularly within Infrastructure Services (£4.013 million), Angus Health & Social Care Partnership (£1.173 million and Education & Lifelong Learning (£0.411 million). Further information on the capital outturn position for 2022/23 can be found in Report 189/23 .

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 59/23) and Treasury Management Strategy Statement (Report 89/23). The 2022/23 Treasury Management Annual report will be presented to the Scrutiny & Audit committee on 22 August and Angus Council on 7 September 2023.

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

Angus Council owns 7,737 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 2022/23, the transfer of a net deficit of £0.184 million resulted in HRA balances of £4.186 million at 31 March 2023.

The Housing Capital Programme reported net expenditure of £9.576 million, representing an underspend of £3.127 million against a budget of £12.703 million. The most significant areas of HRA capital expenditure (on a net basis) undertaken during the year included:

- £1.655 million on new council housing provision;
- £1.131 million on aids and adaptations;
- £4.853 million on energy saving measures;
- £0.545 million on sheltered housing;
- £0.722 million on internal upgrades; and
- £0.376 million on LD2 smoke alarm upgrades.

Underspends mainly arose within the programmes for new build (£1.724 million); conversions (£0.326 million); improvements (£0.440 million); energy savings (£0.975 million); and internal upgrades (£0.738 million). This was partially offset by overspends in aids and adaptations (£0.731 million); and sheltered housing (£0.351 million). The programming of new build projects has been impacted by volatility across the construction industry as well as the impact of below inflation rent rises. This led to the deferral of a number of Angus Council's new-build projects as well as some reprofiling within other key programmes in 2022/23.

14. 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 2022/23 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 2022/23 financial year, the main usable reserves and their balance at 31 March 2023 are shown below together with the equivalent balances at 31 March 2022.

Fig. 8 Usable Reserves

	Balance as at 31 March 2023 £m	Balance as at 31 March 2022 £m	Movement £m
General Fund Reserve	71.214	56.207	15.007
Housing Revenue Account	4.186	4.370	(0.184)
Capital Fund	0.775	1.645	(0.870)
Renewal and Repairs Fund	0.782	1.498	(0.716)
Insurance Fund	1.421	1.592	(0.171)
Usable Capital Receipts	0.853	1.343	(0.490)
Unapplied Capital Grant	1.939	1.128	0.811
Total	81.170	67.783	13.387

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 £71.214 million as of 31 March 2023 and some £68.692 million of this General Fund Reserve is committed as follows:

Fig. 9 General Fund Reserve Commitments

	£ million
Working Balance/Contingency (per existing policy)	5.000
Balance of 2022/23 Budget Setting - Toilets Accessible to All	0.100
Balance of 2022/23 Budget Setting - Provision for Inflationary Pressures	0.500
Applied in 2023/24 Budget Setting	8.479
Balanced Budget Reserves Strategy - Report 57/23	23.000
2021/22 COVID-19 Response (285/21 & 341/21)	1.252
Severance Costs Provision	0.937
Provision for Participatory Budgeting	0.282
Saving on prior year debt charges to be applied as a special repayment in future years.	1.042
Change Fund (committee report 83/14 refers)	0.551
Tay Cities Deal Fund	0.246
Investment Projects (approved as part of 2019/20 budget setting)	0.125
Service Developments (approved as part of 2020/21 budget setting)	0.311
100 % Carry forward Requests (report 420/22)	0.694
Ringfenced Grants received in 2022/23 that need to be earmarked for future drawdown as per accounting regulations	5.324
Ukraine Grant Funding	2.722
Redetermination Monies	7.279
Consolidation of the Living Wage – Pay & Grading	0.350
Return of IJB Reserves	0.546
ANGUSalive – Change Programme Contingency	0.723
Scottish Welfare Fund	0.513
Discretionary Housing Payments Funding	0.089
Affordable Housing Revenue Account	2.913
Exceptional Cost Pressures Contingency	2.841
Car Park Reserve	0.179
Arbroath Harbour Reserve	0.211
Specific Reserves	0.237
Devolved School Management (DSM)	1.149
Proposed 2022/23 100% Revenue Budget Carry Forwards seeking approval in this report	1.097
Total Committed Within General Fund Reserve	68.692
Uncommitted General Fund Reserve at 31 March 2023	2.522

Once this committed balance has been removed from the net General Fund Reserve, the Council has an uncommitted balance of £2.522 million at 31 March 2023. This uncommitted balance position is after allowing for an earmarked contingency sum of around 1.8% of the net revenue budget (£5.0 million) and it is considered prudent to continue with this position to address any significant one-off issues such as inflationary pressures which could rise further 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 2023 are £0.782 million and this made up of following components: Property £0.296 million; Information Technology £0.084 million; Roads & Transport £0.108 million; Parks & Cemeteries £0.016 million; and £0.278 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.

15. Balance Sheet

The Balance Sheet represents a snapshot of Angus Council's overall financial position on 31 March 2023. 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 £61.442 million, from £763.371 million in 2021/22 to £824.813 million, in 2022/23.

The main reasons for this increase are: an increase in Property, Plant and Equipment assets of £45.380 million, due predominantly to increased valuations for those assets valued using the depreciated replacement cost method with the latest valuations being impacted by the increased costs evident within the construction industry; the pension liability reducing by £13.813 million further explanation for which is provided in Note 21.

16. 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 113.

17. Financial Indicators

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

Fig. 10- Financial Indicator Commentary

Financial Indicator	2022/23	2021/22	Purpose
Uncommitted General Fund reserve (incl contingency) as a proportion of annual budgeted net expenditure	2.7%	3.9%	Reflects the level of funding available to manage financial risk/unplanned expenditure
Movement in the uncommitted General Fund reserve	£2.512m	£6.644m	Reflects the extent to which the Council has increased/(decreased) its uncommitted General Fund Reserve

Council Tax – in Year Collection Rate	97.5%	97.2%	Demonstrates the Council's effectiveness in collecting council tax debt
Ratio of council tax income to overall level of funding	19.0%	20.0%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income
Capital Financing Requirement	£292.673m	£302.151m	Measurement of requirements to borrow for capital purposes
External debt levels	£282.502m	£296.182m	Actual borrowing for capital investment purposes
Ratio of financing costs to net revenue stream	9.8% (GF) 10.3% (HRA)	8.6% (GF) 9.1% (HRA)	Measurement of the extent of council's funds available to fund borrowing costs

18. Looking Forward

18.1 Operating context

The Council has faced a very challenging year financially and the services of the Council have faced challenges with cost pressures, inflation and increased community needs and expectations.

The Accounts Commission's Local Government in Scotland Overview 2023 issued on 17 May 2023, summarises the key challenges and performance issues faced by councils. The report, is the third & final overview report in the series that reflects on the evolving and long-term nature of the impact of COVID-19. This report builds on the previous reports in the series and examines: how the pandemic affected councils and their performance; what are the current and future challenges facing local government; how well placed are councils to deal with the current and future challenges and draws on findings from the financial bulletin, considering these in the context of the wider overview. The Council's Scrutiny & Audit Committee considered the terms of this report and the Financial Overview 2021/22 report in October 2023.

18.2 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).

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 361/22) covers the period to 2024/25. The projected funding gap identified in that Strategy was updated for the Special Council meeting on 2 March 2023 (Report 40/23 refers). This gap 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 applying our 5 year reserves strategy.

The Council has also developed a Longer Term Financial Planning Framework (LTFFP) and the first version of that framework was presented to the Council in September 2023 (Report 241/23 refers).

The Change Programme is projected to deliver £13.327 million of budgeted savings in financial year 2023/24. In addition to this it is estimated that the programme will achieve savings totalling £13.047 million over financial years 2024/25 and 2025/26.

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

	2024/25 £m	2025/26 £m	2 Year Total £m
Projected Funding shortfall (Report 58/23)	17.309	17.156	34.465
Add previous years funding gap dealt with on a one-off bases – use of reserves	5.500	8.500	14.000
Sub-total – Total Funding Gap	22.809	25.656	48.465
Estimated Savings From Change Programme	(8.739)	(4.308)	(13.047)
Indicative Increase in Council Tax Base	(0.151)	(0.298)	(0.449)
Indicative Increase in Council Tax (Cumulative)	(6.000)	(9.000)	(15.000)
Estimated use of uncommitted general fund balance per proposed use of reserve strategy	(8.500)	(4.500)	(13.000)
Remaining Funding Gap	(0.581)	7.550	6.969

The figures in the table above were presented at Special Council meeting on 2 March 2023 (report 40/23) and it should be noted that they assume a 5% increase in Council Tax for both future years (cumulative) and corresponding changes to the Council Tax base apply. The table shows that the council's finances on General Fund revenue services are expected to continue to be under severe strain in the years ahead and that further changes to the services the council provides will be needed.

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 2021/22. Key messages from this report include:

Local Government Finances for 2021/22

- Despite additional Covid-19 funding, councils continued to face significant financial challenges during 2021/22, requiring significant savings to deliver balanced budgets and increasingly difficult choices to be made about spending priorities.
- In 2021/22, councils' savings performance continued to improve and total usable reserves increased, which councils have used to contribute towards meeting budget gaps arising from service demand and budget pressures.
- In 2021/22, Scottish Government revenue funding to councils increased by 5.3 per cent in real terms. This represented the first real-terms increase on the 2013/14 revenue funding position since 2015/16 (excluding one-off Covid-19 money). In 2021/22, revenue funding levels for local government and other parts of the Scottish Government budget (excluding Covid-19 funding) have converged back to a level similar to eight years ago. An increasing proportion of local government funding is now either formally ring-fenced or provided with the expectation it will be spent on specific services. We calculate this to be 23 per cent of total revenue funding in 2021/22. Ring-fenced and directed funding helps support delivery of key Scottish Government policies but removes local discretion and flexibility over how these funds can be used by councils.
- Councils have noted that Covid-19 and inflationary costs are having an impact on capital projects. If these issues persist, they will present risks to councils' capital programmes which form a necessary component of modernising services to deliver improved outcomes for local communities.

18.3 Outlook for local government finances

- Councils face the most difficult budget-setting context seen for many years with the ongoing impacts of Covid-19, inflation and the cost of living crisis. They will need to continue to make recurring savings and also make increasingly difficult choices with their spending priorities, including, in some cases, potential service reductions.
- Two-thirds of councils intend to use reserves to help bridge the 2022/23 gap between anticipated expenditure and revenue (budget gap) of £0.4 billion but this reliance on non-recurring reserves is not sustainable in the medium to long term. Delivering recurring savings and reducing reliance on using reserves to fill budget gaps will be key to ensuring longer-term financial sustainability. This makes the case for a continued focus on service reform, based on strong engagement with communities, more important now than ever.

The financial context for the Council into future years remains an exceptionally challenging one and the position continues to be impacted by current significantly high inflation rates, increased 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. 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 31 January 2023, report 8/23 refers. This identifies significant risks to the Council, in addition to financial sustainability, as being:

- Transforming for the future the council fails to transform its service delivery to meet future demands and priorities while working within its budget constraints and rising costs.
- IT Resilience & Cyber Attack (Business Continuity), interruption of service or inability to provide IT services due to loss of the data centre and/or other critical infrastructure components caused by factors such as a fire, vandalism, cyber-attack, equipment malfunction. Work is being done around the Recovery Time Objectives in our business continuity plans to ensure they are realistic in relation to available IT resources and time. Numerous controls already exist such as implementation of Office365 will improve resilience for all services, regular and tested data back-up and recovery.
- Climate Change, failing to comply with the requirements of the Climate Change (Scotland) Act 2009 to achieve interim targets by 2030 and net zero emissions by 2045 and a failure to manage climate change adaptation will reduce the resilience of communities, businesses and ecosystems within Angus. Commentary was made on these matters in the LTFPF, Appendix A Section 11 (Report 241/23 refers).
- 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.

19. Conclusion & Acknowledgment

The 2022/23 financial year has been very challenging for Angus Council, its staff and its partners. The cost of living challenges and severe weather has brought pain and disruption to all our communities and resulted in very heavy workloads for many staff across public services. 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 2022/23 in very challenging circumstances.

We are pleased to record that the council has successfully delivered on many of its targets and priorities during the 2022/23 financial year. 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 high levels of inflation and cost of living challenges 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
26 October 2023

Councillor Beth Whiteside
Leader of the Council
26 October 2023

Annual Governance Statement 2022/23

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 2023. 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 2022 is accepted as best practice for local authority audit committees. CIPFA guidance recommends that all audit committees should "*report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance*". (CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022).

The first annual report from the Scrutiny & Audit Committee was submitted to Council in September 2018 and has continued in September annually thereafter.

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 Ukraine and Cost of Living Crises. As a result, some services have come under increased pressure due to additional demands, recruitment and resource issues.

Governance arrangements relating to Council and Committee decision-making have continued via remote meetings with the re-introduction of in person meetings taking place and a hybrid approach being adopted from March 2023 onwards. These meetings continue to include live-streaming and recordings via the Council's YouTube channel.

The Council has continued to respond well to the challenges raised by the exceptional circumstances that have arisen, and in a manner that has been well planned, proportionate and responsive to the circumstances. Each response has been delivered in a controlled environment, with appropriate governance arrangements deployed to provide robust assurance aligned to the circumstances.

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 2022/23:

- 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](#).

Following the Local Government Elections in May 2022, a Governance Member/ Officer Working Group (MOWG) has been re-established to review several key documents that make up part of the governance framework for the Council, including the Standing Orders, the Order of Reference of Committees, the Scheme of Delegation to Officers and the Protocol for Relations between Councillors and Employees.

At present, officers are undertaking an extensive re-write of the above documents, ensuring they reflect good practice and are compliant with relevant legislation.

The Governance MOWG have met on several occasions and have so far thoroughly reviewed and scrutinised the Standing Orders and the Protocol for Relations between Councillors and Employees. The Governance MOWG will continue to meet to review and scrutinise the rest of the key documents.

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. Ad-hoc updates of a more minor nature are also made under delegated authority.

Statutory Roles

Head of Paid Services (The Chief Executive) is responsible and accountable for all aspects of executive management. They are responsible to councillors for the staffing of the council and ensuring the work in different departments is co-ordinated.

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)*. A self assessment using the latest updated guidance will be conducted once it has been published.

The Council's Chief Financial Officer (CFO) / 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 (2022/23), 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 CIPFA Financial Management Code during 2021/22. Three actions were identified relating to the CFO role in the updated CIPFA guidance; stakeholder engagement on the Council's long term financial strategy and undertaking a financial resilience assessment, which are all in progress.

The Monitoring Officer is a statutory appointment by the Council by virtue of section 5 of the Local Government and Housing Act 1989. The Council's Monitoring Officer is the Director of Legal & Democratic Services.

By virtue of section 5(7) of the 1989 Act, the duties of the Monitoring Officer must be carried out personally by them or, where they are unable to act owing to absence or illness, personally by such member of their staff nominated by them as their deputy.

The post of a Monitoring officer is designated as a politically restricted post, in accordance with section 2(1)e of the 1989 Act.

The Monitoring Officer is responsible for ensuring that appropriate training is given to elected members on the Ethical Standards Framework, the Councillors' Code of Conduct and any guidance and advice notes issued by the Standards Commission. This includes ensuring that training is provided on induction, and on a regular basis thereafter.

The Monitoring Officer should contribute to the promotion and maintenance of high standards of conduct by providing advice and support to elected members on the interpretation and application of the Councillors' Code of Conduct.

The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Amendment Regulations 2003 (Scottish Statutory Instrument 2003/135) requires all councils to appoint a proper officer who is responsible for ensuring the Council keeps a Register of Interests, which is open to the public to inspect. The Monitoring Officer should ensure that a proper officer is appointed under the Council's Scheme of Delegation and that such a Register of Interests is maintained.

Although it is the responsibility of elected members to ensure that all relevant interests are recorded, the Monitoring Officer should try to ensure that elected members are aware of what constitutes a registrable interest under the Code and, further, that they are aware that any changes must be recorded within

one month. The Monitoring Officer should also ensure reminders incorporating a note to the effect that the statutory requirement is to update entries on the Register of Interests within one month of any change are issued to elected members at least once a year.

The Monitoring Officer should also ensure that elected members are aware that they have an obligation under the Councillors' Code of Conduct to ensure gifts and hospitality are registered within one month.

The Monitoring Officer should ensure that there are procedures in place to provide for a consistent approach in respect of seeking and recording declarations of interest at the start of all meetings of the Council (and any committee or sub-committee thereof).

The Monitoring Officer may be required to report to their Council from time to time on matters relating to the ethical standards framework that may require review. The Monitoring Officer should report any concerns about compliance with the Code to the Chief Executive.

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](#). 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 Angus Integration Joint Board (IJB). The CSWO 2022/23 annual report will be brought to the Council in Autumn 2023. The latest National Chief Social Work Officers [Annual Report](#) is also available on the Institute for Research and Innovation in Social Services (IRISS) Website.

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 review of the Angus Integration Scheme was completed during 2022/23, with notification of Scottish Ministerial approval for the new scheme received by the Council on 21 November 2022 and published on the [Council Website](#).

Internal Audit Service

The Council operates an internal audit service which reports directly to the Chief Executive. The in-house team is supplemented by additional IT audit input from a contractor. The service is led by the Service Leader Internal Audit, who reports on a functional basis to the Scrutiny & Audit Committee. The Service Leader Internal Audit reports in their own name, retains final edit rights over all audit reports and provides the Scrutiny & Audit Committee with an annual report on governance, risk and internal control. From October 2022, the Service Leader post was shared with Dundee City Council (3 / 2 days per week), with the Team Leader of Internal Audit Team acting up partially to Service Leader.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment undertaken in April 2023 confirmed that the internal audit service conforms with PSIAS.

The Internal Audit annual report 2022/23 (para 20 refers) 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.

The team has overall responsibility for assessing and investigating allegations of fraud and corruption and for reporting findings. An annual 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. This is reported to the Scrutiny & Audit Committee in June each year.

The allegations investigated during 2022/23 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 172/23](#) considered by the Scrutiny & Audit Committee at its meeting on 15 June 2023, contains further detail on the work of the Counter Fraud Team.

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.

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 2022/23 ([Report 171/23](#), [Appendix 1](#)).

Their review of 2022/23, includes the opinion that:

“4. In my professional judgement as Service Leader Internal Audit, notwithstanding the reduction in audit resources and the impact to completing work due to 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 majority of control objectives in internal audit work were assessed as having been achieved, with a number of areas of good practice noted. Where necessary actions were agreed to improve the control environment or tighten up the operation of the existing controls. 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. Although the pace of some change has been slow, positive continuous improvement in arrangements has taken place during 2022/23 to address the items in the corporate governance action plan, including to enhance overall governance arrangements and improve performance management information and risk management.*
8. *Risk Management arrangements within the council are reasonable. There has been further progress in strengthening risk management arrangements during 2022/23 and evidence of active risk management and risk awareness is available. The pace of implementing planned actions relating to Service Risk Registers and defining risk appetite is however slow, with the latter contributing to the scheduled review of the Risk Management Strategy being overdue."*

The conclusion from the review activity outlined above is that in 2022/23 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 Ukraine and Cost of Living Crises.

Improvement Areas

The annual review process identified the following areas where improvements have been made during 2022/23, or where further improvements are planned for 2023/24 to enhance the Council's governance framework. Progress will be reported to the Scrutiny & Audit Committee. An update on the improvement actions identified in previous Annual Governance Statement, along with new actions emerging from the 2022/23 review, was reported to the Scrutiny & Audit committee in June 2023 ([Report 180/23](#), [Appendix 1](#), [Appendix 2](#) refers).

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

- The [Risk Management Strategy](#) bi-annual review was commenced in March 2023 by the Corporate Risk Monitoring Group. This will include improvement work in relation to identifying the Council risk appetite and developing service risk registers.
- An update of the Standing Orders of the Council was agreed at Council in May 2023 ([Report 135/23](#)). The related documents including the order of reference of committees and scheme of delegation to officers are being reviewed and will presented in due course.
- 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 delayed, has been progressed during the year and is due to be completed during 2023. A further review of the Infrastructure and Environment Services Directorate's Scheme of Delegation has commenced following the recent organisational change.

- Last year's governance review of the internal audit report identified the following:
 - limited or no assurance that controls are adequate in relation to IT User Access Administration (IDOX). Actions to address the weakness identified two Priority 1 and two Priority 2 actions remain incomplete as at April 2023, all with revised due dates of 30 June 2023.
 - IT Interfaces as an area where limited assurance was provided. Actions to address the weakness identified two Priority 2 actions which have a revised date for completion of December 2023. These actions relate to Resourcelink and are to prepare and manage a register for system changes and interfaces, and to adopt a formal and documented change process for all parts of the system.
 - A review of the processes and arrangements for the authorisation of contract exemptions to comply with the Council's Financial Regulations and legal compliance concluded that the level of assurance was limited. Significant progress has been made in completing the actions from this audit, with seven now complete and only two outstanding. A follow-up audit on the contract exemptions process will be carried out as part of the 2024/25 internal audit plan, once all of the actions have been implemented and the revised process has become fully established.
- This years governance review of the internal audit report identified the following:
 - This year Adults With Incapacity Follow-up was assessed as providing "No Assurance". The audit reviewed procedures in place to ensure compliance with legal, OPG and MWC requirements, including the implementation of an improvement plan from 2019. The service began taking action to address the weaknesses identified as soon as these were brought to their attention and before the report and action plan were finalised. At June 2023 significant work has been undertaken to address the Priority 1 action from this report, which was to undertake a full review of the systems in place.
 - Procurement – Exemptions from Tendering was assessed as providing "Limited Assurance". Good progress has already been made to address the agreed actions from this audit, with three Priority 1 and four Priority 2 actions already completed. There are 2 actions still outstanding; a Priority 2 action to check all exemption paperwork is fully authorised which is expected to be complete by 30 June 2023, and a Priority 3 action with a December 2023 deadline, to review all procurement training and support materials.
- An improvement action in relation to the process for assessing, billing and collection of payments for adult social care was previously identified. Work to progress this continues with the process mapping of all aspects of adult social care that incur charging. Training needs have been identified and operational instructions/ guidance are being reviewed.
- Last year's governance review highlighted improvements required to Tayside Contracts procurement and procurement strategy, along with areas of weakness in relation to financial processes and systems. Tayside Contract's internal auditors (Wylie & Bisset) have since carried out a review of procurement and are now able to provide Tayside Contracts with a strong level of assurance relating to the procurement arrangements in place at the organisation. Wylie & Bisset also undertook a follow up of their Management Assurance review which included the financial management arrangements and are now able to provide Tayside Contracts with a substantial level of assurance, identifying 6 medium and low finance related actions yet to be completed.

- Tayside Contracts internal audit report for 2022/23 noted that auditors were only able to provide Weak assurance for the IT Security review with the main concern around the unsupported Microsoft Operating Systems. Information received from Tayside Contracts in response to this confirms the issue is being actively addressed.
- Last year's governance review also highlighted that Angus Alive's Business Planning and performance monitoring and reporting priority 1 actions from previous years remained outstanding. These matters have now been addressed and completed by Angus Alive.
- The Council's latest Best Value Audit Action Plan contains four recommendations. Progress with the actions relating to these recommendations is being reported to the June Scrutiny & Audit Committee.
- Procurement processing and training has been identified as an area for corporate improvement from the annual review of the governance framework. Actions to address this are already covered through the internal audit actions identified above and due for completion by December 2023.

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. These are captured in the latest [Action Plan](#).

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 2022/23

Background

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

In accordance with this requirement this report sets out:-

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

Senior Councillors Remuneration Policy Context

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

It should be noted that reference to "Senior Councillors" (upper case) within the 2007 Regulations is narrower than the use made of this term in The 2014 Regulations. Thus, for the purposes of this Remuneration Report, reference to senior councillors (lower case), 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 2022/23 the salary for the Leader of Angus Council is £39,148. 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 65% of the Leader of the Council's salary (£25,446). 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 £318,058 and 13 in number. The Council can 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 2022/23, was for the Conveners of the "main" committees to have salaries of £25,446 and the Vice Conveners of the "main" committees to have salaries of £21,884.

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 26 May 2022 the minute of which is available under item 4 at:-

https://www.angus.gov.uk/media/minute_of_meeting_of_angus_council_committee_of_26_may_2022

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

[Councillors Expenses 1 April 2022 to 4 May 2022](#)

[Councillors Expenses 5 May 2022 to 31 March 2023](#)

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 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 2022/23 of the posts which are classed as senior employees of the Council.

Table 1

Post	2022/23 Salary £
Senior Management – Angus Council	
Chief Executive	145,789
Depute Chief Executive	127,786
Director of Education & Lifelong Learning (Chief Education Officer)	101,506
Director of Vibrant Communities & Sustainable Growth	101,506
Director of Children, Families & Justice (Chief Social Work Officer)	101,506

Director of Infrastructure & Environment	101,506
Director of Finance (Section 95 Officer)	105,544
Director of Human Resources, Digital Enablement, Information Technology & Business Support	101,506
Director of Strategic Policy, Transformation & Public Sector Reform	101,506
Director of Legal & Democratic Services (Monitoring Officer)	101,506

Subsidiary Body: ANGUSalive	
Chief Executive	101,506

Exit Packages

The Accounting Code requires authorities to report summary information in relation to exit packages which are 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 retireals and ex-gratia payments. Exit costs from employee departures due to ill health retireals or departures are excluded, in accordance with The 2014 Regulations.

Table 2 below discloses the number of relevant exit packages agreed during 2022/23 and their costs grouped in the relevant bandings. It is Council policy that staff departures from early retirement or voluntary redundancy will only be agreed if doing so will achieve a net saving over a maximum payback period of two and a half years.

Table 2

Banding by Total Cost of each exit package	Number of exit packages agreed				Cost of exit packages in each band				Pension curtailment cost in each band (note 1)		Total cost of exits in each band	
	Compulsory		Other		Compulsory		Other		Other			
	2022/23	2021/22	2022/23	2021/22	2022/23 £	2021/22 £	2022/23 £	2021/22 £	2022/23 £	2021/22 £	2022/23 £	2021/22 £
Up to 20,000	6	1	7	11	35,096	1,331	27,201	64,138	0	0	62,297	65,469
20,001 – 40,000	0	0	0	0	0	0	0	0	0	0	0	0
40,001 – 60,000	0	0	0	0	0	0	0	0	0	0	0	0
60,001 – 80,000	0	0	0	0	0	0	0	0	0	0	0	0
80,001 – 100,000	0	0	0	0	0	0	0	0	0	0	0	0
100,001 – 150,000	0	0	0	0	0	0	0	0	0	0	0	0
150,001 – 200,000	0	0	0	0	0	0	0	0	0	0	0	0
200,001 – 300,000	0	0	1	0	0	0	0	0	201,675	0	201,675	0
300,001 – 400,000	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	1	8	11	35,096	1,331	27,201	64,138	201,675	0	263,972	65,469

Notes:

- The pension curtailment figure is calculated by the actuary using actuarial techniques and assumptions. It is in respect of an early retiral and reflects the additional costs of taking retirement early and their pension not being reduced to reflect this. This figure is an estimate for this report per regulations and is not an actual payment made by the Council.

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 tiered 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 2022/23 and 2021/22 are shown in table 3 below:-

Table 3

Full Time Equivalent Pay	Contribution Rate Payable by Councillors / Employees 2022/23	Full Time Equivalent Pay	Contribution Rate Payable by Councillors / Employees 2021/22
Up to £23,000	5.50%	Up to £22,300	5.50%
Over £23,301 and up to £28,100	7.25%	Over £22,300 and up to £27,300	7.25%
Over £28,101 and up to £38,600	8.50%	Over £27,300 and up to £37,400	8.50%
Over £38,601 and up to £51,400	9.50%	Over £37,400 and up to £49,900	9.50%
Over £51,401	12.00%	Over £49,900	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 2022 to 31 March 2023)

The following table provides details of the remuneration paid to Angus Council's councillors for senior roles only in 2022/23. This covers roles prior to and after the May 2022 local government elections.

Table 4

2021/22 Salary, Fees & Allowances £	Responsibility (1 April – 31 March)	Senior Councillor	Note	2022/2023 Salary, Fees & Allowances £	2022/23 Taxable Expenses £
27,910	Civic Head / Provost (to 04.05.22)	R Proctor MBE	3	2,735	0
37,213	Leader of the Council & Convener of Policy & Resources (to 04.05.22)	D Fairweather	1	3,647	0
25,116	Vice Convener of Policy & Resources (to 05.05.22)	A Macmillan Douglas OBE	4	2,534	0
21,105	Convener of Children & Learning (to 08.04.22)	R Sturrock	3	2,202	0
8,042	Vice Convener of Children & Learning (to 05.05.22)	C Brown BEM	4	2,205	0
25,116	Convener of Communities/ Convener of Finance (to 05.05.22)	M Salmond	3	2,534	19
21,860	Vice Convener of Communities (to 04.05.22)	T Stewart	4	2,142	0
25,116	Convener of Development Standards (to 05.05.22)	D Lumgair	3	2,534	0
23,257	Vice Convener of Development Standards / Convener Tayside Joint Valuation Board (to 04.05.22)	G Nicol	4,5	2,279	0
25,116	Convener of Scrutiny & Audit (to 05.05.22)	A King	3	2,534	21
21,860	Vice Convener of Scrutiny & Audit (to 04.05.22)	B Duff	4	2,142	0
25,116	Depute Provost & Convener of Civic Licensing & Licensing Board to 04.05.22)	C Fotheringham	4	2,461	0
21,860	Vice Convener Civic Licensing & Licensing Board (to 05.05.22)	R Moore	4	2,205	0
0	Civic Head/Provost (from 26.05.22)	B Boyd	3	21,612	0
0	Leader of the Council & Convener of Policy & Resources (from 26.05.22)	B Whiteside	1	33,249	0
0	Depute Provost (from 26.05.22) & Vice Convener of Civic Licencing & Licencing Board (from 26.05.22 to 30.06.22)	L Clark	4	19,659	0
0	Depute Leader 1 of the Council & Finance Convener (from 26.05.22)	B Duff	2	24,937	0

0	Depute Leader 2 of the Council & Vice Convener of Policy & Resources & Vice Convener of Communities (from 26.05.22)	K Braes	2	24,937	0
0	Convener of Children & Learning (from 26.05.22)	L Devine	3	21,612	0
0	Vice Convener of Children & Learning (from 26.05.22)	M Shepherd	4	18,586	0
0	Convener of Communities (from 26.05.22)	M McDonald	3	21,612	0
0	Convener of Development Standards (from 26.05.22)	D Cheape	3	21,612	0
0	Convener of Civic Licencing & Licencing Board (from 26.05.22 to 03.11.22)	B Durno	3	11,294	0
0	Vice Convener of Development Standards (from 04.11.22)	B Durno	4	8,873	0
0	Convener of Scrutiny & Audit (from 26.05.22)	C Fotheringham	3	21,612	0
0	Vice Convener of Scrutiny & Audit (from 26.05.22)	G Nicoll	4	18,586	0
0	Spokesperson – Welfare Rights, Poverty & Equalities & Vice Convener of Civic Licencing & Licencing Board (from 30.06.22 to 03.11.22)	G Meechan	4	9,713	0
0	Convener of Civic Licencing & Licencing Board (from 04.11.22)	G Meechan	3	10,318	0
0	Vice Convener of Civic Licencing & Licencing Board (from 04.11.22) & Spokesperson – Youth Engagement & Opportunities (from 26.05.22)	L Melville	4	18,586	0
0	Spokesperson – Environment & Active Travel (from 26.05.22)	S Cowdy	4	18,586	0
308,687	TOTAL			357,538	40

Notes:

1. FYE Salary £39,148
2. FYE Salary £29,361
3. FYE Salary £25,446
4. FYE Salary £21,884
5. £416 of the remuneration relates to the councillor's responsibility as Convener of Tayside Valuation Board, which ceased on 5 May 2022. This remuneration is paid by the Joint Board rather than the Council.

Remuneration of Senior Employees

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

Table 5

2021/22 Total Remuneration £	Post	Senior Employee	Note	2022/23 Salary, fees & allowances £	Election Payments £	2022/23 Taxable Expenses £	2022/23 Compensation for Loss of Employment £	2022/23 Total Remuneration £
147,761	Chief Executive	M Williamson	1	145,789	1,586	0	0	147,375
122,251	Depute Chief Executive	M Armstrong		127,786	0	0	0	127,786
96,872	Director of Education & Lifelong Learning (Chief Education Officer)	K McIntosh		101,506	0	0	0	101,506
84,458	Director of Vibrant Communities & Sustainable Growth	A Smith		101,506	0	0	0	101,506
96,872	Director of Children, Families & Justice (Chief Social Work Officer)	K Lindsay		101,506	0	0	0	101,506
96,872	Director of Infrastructure	I Cochrane	2	25,376	0	0	0	25,376
0	Director of Infrastructure & Environment	G Dailly	3	50,573	0	0	0	50,573
101,068	Director of Finance (Section 95 Officer)	I Lorimer		105,544	98	0	0	105,642
96,872	Director of HR, Digital Enablement, IT & Business Support	S Faulkner		101,506	0	0	0	101,506
96,872	Director of Strategic Policy, Transformation & Public Sector Reform	V Smith		101,506	0	0	0	101,506
101,229	Director of Legal & Democratic Services (Monitoring Officer)	J Buchanan		101,506	400	0	0	101,906
1,041,127				1,064,104	2,084	0	0	1,066,188
	Subsidiary Body: ANGUSalive							
96,869	Chief Executive	K Hunter		101,506	0	0	0	101,506

Notes:

1. In 2022/23 there were election payments totalling £2,084. In 2021/22 election payments totalled £13,771.
2. I Cochrane left post on 30 June 2022 (FYE Salary £101,506)
3. G Dailly commenced in post on 1 October 2022 (FYE salary £101,506)

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.

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.

Table 6

2021/22 LGE	2021/22 SNCT	2021/22 CO	2021/22 Total	Remuneration Band	2022/23 LGE	2022/23 SNCT	2022/23 CO	2022/23 Total
10	80	0	90	£50,000 - £54,999	23	42	1	66
26	55	0	81	£55,000 - £59,999	30	79	0	109
1	18	0	19	£60,000 - £64,999	4	55	0	59
2	10	0	12	£65,000 - £69,999	3	22	0	25
14	1	0	15	£70,000 - £74,999	3	16	0	19
0	1	0	1	£75,000 - £79,999	9	1	0	10
0	1	1	2	£80,000 - £84,999	0	0	0	0
0	2	1	3	£85,000 - £89,999	0	2	0	2
0	2	0	2	£90,000 - £94,999	0	2	1	3
0	0	6	6	£95,000 - £99,999	0	2	0	2
0	0	1	1	£100,000 - £104,999	0	0	6	6
0	0	0	0	£105,000 - £109,999	0	0	1	1
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	0	0
0	0	0	0	£125,000 - £129,999	0	0	1	1
0	0	0	0	£130,000 - £134,999	0	0	0	0
0	0	1	1	£135,000 - £139,999	0	0	0	0
0	0	0	0	£140,000 - £144,999	0	0	1	1
53	170	11	234	Total	72	221	11	304

Pension Benefits – Senior Councillors

Fifteen of the sixteen senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2023 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. This covers roles prior to and after the May 2022 local government elections.

Table 7

In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/22 £	Responsibility	Senior Councillor	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/23 £	Accrued Pension Benefit at 31/03/23 £000	Accrued Pension Benefit at 31/03/23 lump sum £000	Accrued Pension Benefit Movement from 31/03/22 £000	Accrued Pension Benefit Movement from 31/03/22 lump sum £000
6,326	Leader of the Council / Convener of Policy & Resources (to 04.05.22)	D Fairweather	3,637	8	2	1	0
3,960	Convener of Children & Learning (to 08.04.22)	R Sturrock	374	0	0	-2	0
4,270	Convener of Communities /Convener of Finances (to 05.05.22)	M Salmond	431	2	0	0	0
3,716	Vice Convener of Communities to 04.05.22)	T Stewart	3,381	2	0	0	0
3,954	Vice Convener of Development Standards / Convener of Tayside Valuation Joint Board (to 04.05.22)	G Nicol	387	0	0	0	0
0	Vice Convener of Scrutiny & Audit (from 26.05.22)	G Nicol	3,351	3	0	0	0
3,716	Vice Convener of Scrutiny & Audit (to 04.05.22)	B Duff	364	0	0	0	0
0	Depute Leader 1 of the Council & Finance Convener (from 26.05.22)	B Duff	4,431	6	0	2	0
4,270	Depute Provost & Convener Civic Licensing & Licensing Board (to 04.05.22)	C Fotheringham	418	0	0	0	0
0	Convener of Scrutiny & Audit (from 26.05.22)	C Fotheringham	3,865	5	0	1	0
3,716	Vice Convener Civic Licensing & Licensing Board (to 05.05.22)	R Moore	375	2	0	0	0
0	Civic Head/Provost (from 26.05.22)	B Boyd	4,175	5	0	0	0

0	Leader of the Council & Convener of Policy & Resources (from 26.05.22)	B Whiteside	6,154	3	0	0	0
0	Depute Leader 2 of the Council & Vice Convener of Policy & Resources & Vice Convener of Communities (from 26.05.22)	K Braes	4,741	2	0	0	0
0	Convener of Children & Learning (from 26.05.22)	L Devine	4,175	7	0	0	0
0	Vice Convener of Children & Learning (from 26.05.22)	M Shepherd	3,342	0	0	0	0
0	Convener of Communities (from 26.05.22)	M McDonald	4,175	2	0	0	0
0	Convener of Development Standards (from 26.05.22)	D Cheape	4,175	3	0	0	0
0	Convener of Civic Licencing & Licencing Board (from 26.05.22 to 03.11.22)	B Durno	2,421	2	0	0	0
0	Vice Convener of Development Standards (from 04.11.22)	B Durno	1,508	0	0	0	0
0	Spokesperson – Welfare Rights, Poverty & Equalities & Vice Convener of Civic Licencing & Licencing Board (from 30.06.22 to 03.11.22)	G Meechan	1,833	0	0	0	0
0	Convener of Civic Licencing & Licencing Board (from 04.11.22)	G Meechan	1,754	0	0	0	0
0	Vice Convener of Civic Licencing & Licencing Board (from 04.11.22)	L Melville	3,342	0	0	0	0
0	Spokesperson – Environment & Active Travel (from 26.05.22)	S Cowdy	3,342	0	0	0	0
33,928	Total		66,151	52	2	2	0

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2023 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 31/03/22 £	Post	Senior Employee	Note	In Year Pension Contributions paid by the Council to the Pension Fund Year to 31/03/23 £	Accrued Pension Benefit at 31/03/23 £000	Accrued Pension Benefit at 31/03/23 lump sum £000	Accrued Pension Benefit Movement from 31/03/22 £000	Accrued Pension Benefit Movement (lump sum) from 31/03/22 £000
23,412	Chief Executive	M Williamson		23,848	80	5	5	0
20,723	Depute Chief Executive	M Armstrong		21,724	53	59	5	3
16,468	Director of Education & Lifelong Learning (Chief Education Officer)	K McIntosh		17,256	9	0	2	0
14,358	Director of Vibrant Communities & Sustainable Growth	A Smith		17,256	38	45	7	7
16,468	Director of Children, Families & Justice (Chief Social Work Officer)	K Lindsay		17,256	36	33	3	2
16,468	Director of infrastructure	I Cochrane	1	4,314	36	113	-9	48
0	Director of Infrastructure & Environment	G Dailly	2	8,628	27	21	27	21
17,122	Director of Finance (Section 95 Officer)	I Lorimer		17,943	53	78	4	4
16,468	Director of HR, Digital Enablement, IT & Business Support	S Faulkner		17,256	54	87	4	4
16,468	Director of Strategic Policy, Transformation & Public Sector Reform	V Smith		17,256	51	75	4	3
16,468	Director of Legal & Democratic Services (Monitoring Officer)	J Buchanan		17,256	29	0	3	0
174,423		Total		179,993	466	516	55	92
	Subsidiary Body: ANGUSalive							
16,468	Chief Executive	K Hunter		17,256	15	0	2	0

Notes:

1. I Cochrane left post on 30 June 2022
2. G Dailly commenced in post on 1 October 2022

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 2022/23 can be found in the table below.

	Central function employees	Education function employees
Trade union representatives	16	20
FTE trade union representatives	14.57	19.20
Percentage of working hours spent on facility time		
0% to 0.99% of working hours	8 representatives	18 representatives
1% to 50% of working hours	7 representatives	1 representative
51% to 99% of working hours	0 representatives	1 representative
100% of working hours	1 representative	0 representatives
Total pay bill and facility time costs		
Total pay bill	£107,465,652.14	£77,083,520.32
Total cost of facility time	£69,483.45	£64,363.51
Percentage of pay spent on facility time	0.065%	0.083%
Paid trade union activities		
Hours spent on paid facility time	2,208.75	1,916
Hours spent on paid trade union activities	163.25	77.50
Percentage of total paid facility time hours spent on paid TU activities	7.39%	4.04%

Audit Review

The following information in the Remuneration Report will be audited by Audit Scotland:-

Exit Packages – Page 37

Senior Councillor's Remuneration – Page 39-40

Senior Employees' Remuneration – Page 41

Pay Bandings Information – Page 42

Pension Benefits Information for Senior Councillors – Pages -43-44

Pension Benefits Information for Senior Employees – Page - 45

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
26 October 2023

Councillor Beth Whiteside
Leader of the Council
26 October 2023

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 26 October 2023.

Signed on behalf of Angus Council

Councillor Beth Whiteside
Leader of the Council
26 October 2023

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 2023.

Ian Lorimer CPFA
Director of Finance
26 October 2023

Movement in Reserves Statement as at 31 March 2023

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 £m	Housing Revenue Account £m	Capital Grants Unapplied £m	Renewal & Repair Fund £m	Capital Funds £m	Insurance Fund £m	Total Usable Reserves £m	Unusable Reserves £m	Total Council Reserves £m
Balance at 31 March 2021	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)	(0.048)	0.000	0.000	0.000	0.000	(25.296)	0.000	(25.296)
Other Comprehensive Expenditure and Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	178.029	178.029
Total Comprehensive Expenditure and Income	(25.248)	(0.048)	0.000	0.000	0.000	0.000	(25.248)	178.029	152.733
Adjustments between accounting & funding basis under regulations (Note 5)	31.153	(0.320)	0.231	0.000	(4.437)	0.000	26.627	(26.541)	0.086
Net Increase/ Decrease before Transfers to Earmarked Reserves	5.905	(0.368)	0.231	0.000	(4.437)	0.000	1.331	151.488	152.819
Transfers to/from Earmarked Reserves (Note 6)	0.970	(0.636)	(1.715)	(0.123)	1.413	0.091	0.000	0.001	0.001
Increase / Decrease in Year	6.875	(1.004)	(1.484)	(0.123)	(3.024)	0.091	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
<u>Movement in reserves during 2022/23</u>									
Surplus or (deficit) on provision of services	(41.194)	(3.880)	0.000	0.000	0.000	0.000	(45.074)	0.000	(45.074)
Other Comprehensive Expenditure and Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	106.355	106.355
Total Comprehensive Expenditure and Income	(41.194)	(3.880)	0.000	0.000	0.000	0.000	(45.074)	106.355	61.281
Adjustment to usable reserves permitted by accounting standards	8.838	0.000	0.000	0.000	0.000	0.000	8.838	(8.838)	
Adjustments between accounting & funding basis under regulations (Note 5)	44.262	5.914	0.850	0.000	(1.403)	0.000	49.623	(49.462)	0.161
Net Increase/ Decrease before Transfers to Earmarked Reserves	11.906	2.034	0.850	0.000	(1.403)	0.000	13.387	48.055	61.442
Transfers to/from Earmarked Reserves (Note 6)	3.101	(2.218)	(0.039)	(0.716)	0.043	(0.171)	0.000	0.000	0.000
Increase / Decrease in Year	15.007	(0.184)	0.811	(0.716)	(1.360)	(0.171)	13.387	48.055	61.442
Balance at 31 March 2023 carried forward	71.214	4.186	1.939	0.782	1.628	1.421	81.170	743.643	824.813

Comprehensive Income and Expenditure Statement (CIES) for the year to 31 March 2023

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.

2021/22 Restated				2022/23			
Gross Spend £m	Gross Income £m	Net Spend £m	Service	Gross Spend £m	Gross Income £m	Net Spend £m	Net Budget £m
152.007	(19.808)	132.199	Education & Lifelong Learning	171.305	(20.851)	150.454	155.584
58.961	(13.687)	45.274	Infrastructure & Environment	53.822	(11.230)	42.592	43.918
25.725	(2.892)	22.833	Children, Families & Justice	30.043	(3.138)	26.905	24.024
10.773	(0.939)	9.834	Human Resources, OD, Digital Enablement, IT & Business Support	11.392	(0.000)	11.392	11.368
10.556	(1.018)	9.538	Strategic Policy, Transformation & Public Sector Reform	11.433	(1.594)	9.839	9.612
33.383	(23.820)	9.563	Vibrant Communities & Sustainable Growth	30.559	(23.859)	6.700	7.860
5.596	(1.820)	3.776	Finance	5.281	(1.431)	3.850	3.965
4.258	(1.095)	3.163	Legal & Democratic Services	4.429	(1.119)	3.310	3.389
2.987	(0.350)	2.637	Facilities Management	3.272	(0.418)	2.854	2.951
11.480	(2.335)	9.145	Other Services	16.220	(5.675)	10.545	14.667
0.000	0.000	0.000	Corporate Items	0.904	(0.000)	0.904	2.329
0.000	0.000	0.000	Ukraine Support Grant	0.496	(3.218)	(2.722)	0.000
0.808	(0.008)	0.800	Joint Boards	0.825	(0.008)	0.817	0.814
144.705	(84.837)	59.868	Adult Services*	165.163	(95.962)	69.201	69.201
461.239	(152.609)	308.630	General Fund Net Expenditure	505.144	(168.503)	336.641	349.889
33.629	(32.261)	1.368	Housing Revenue Account	37.738	(31.393)	6.345	5.812
494.868	(184.870)	309.998	Net Cost of Services	542.882	(199.896)	342.986	355.701
		(0.113)	Other Operating Expenditure – (Gain)Loss on disposal of non-current assets			(0.181)	
		17.876	Financing and Investment Expenditure & Income (Note 7)			15.201	
		(302.465)	Taxation and Non-Specific Grant Income (Note 8)			(312.932)	
		25.296	Deficit on Provision of Services			45.074	
		(111.852)	(Surplus) or deficit on revaluation of non-current assets			(72.202)	
		(66.177)	Re-measurements of the net pension liability			(34.153)	
		(178.029)	Other Comprehensive (Income)/Expenditure			(106.355)	
		(152.733)	Total Comprehensive (Income)/Expenditure			(61.281)	

*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 2023

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.

31/3/2022 £m		Notes	31/3/2023 £m
1,014.752	Property, Plant & Equipment	11	1,060.132
5.870	Heritage Assets	12	8.070
3.150	Investment Property		3.252
1.979	Assets Held for Sale		1.904
0.482	Long Term Investments	28	0.475
2.463	Long Term Debtors	13	2.022
1,028.696	Long Term Assets		1,075.855
73.693	Short Term Investments	28	75.449
0.345	Inventories		0.345
25.356	Short Term Debtors	14	28.309
17.778	Cash and Cash Equivalents	15	12.655
117.172	Current Assets		116.758
(9.610)	Short Term Borrowing	28	(8.148)
(63.650)	Short Term Creditors	16	(74.325)
(73.260)	Current Liabilities		(82.473)
(138.237)	Long Term Borrowing	28	(134.640)
(22.665)	Pension Liability	21	(8.852)
(148.335)	Other Long Term Liabilities	31	(141.835)
(309.237)	Long Term Liabilities		(285.327)
763.371	<u>Net Assets</u>		824.813
67.783	Usable Reserves	6	81.170
695.588	Unusable Reserves	17	743.643
763.371	<u>Total Reserves</u>		824.813

The unaudited financial statements were issued on 30 June 2023 and the audited financial statements were authorised for issue by Ian Lorimer on 26 October 2023.

Ian Lorimer CPFA
 Director of Finance
 26 October 2023

Cash Flow Statement as at 31 March 2023

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.

31/3/2022 £m		31/3/2023 £m
(25.296)	Net Surplus/(Deficit) on the Provision of Services	(45.074)
	Adjustment for Non-Cash Movements	
47.238	Depreciation and Impairments	58.040
4.304	Non current asset adjustments	1.335
23.140	Retirement benefits	20.340
0.051	Net movement in stock	0.000
7.159	Net movement in debtors	(2.905)
0.910	Net movement in creditors and provisions	11.847
0.285	Other Internal accounts adjustments	0.405
83.087		89.062
	Adjustments for Items Shown Within Investing and Financing Activities	
(4.417)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1.515)
(16.458)	Capital grants and contributions applied to capital financing	(18.254)
(20.875)		(19.769)
36.916	Net Cash Inflows from Operating Activities *	24.219
(89.763)	Purchase of property, plant and equipment, investment property and intangible assets	(36.129)
0.000	Purchase of Short Term and Long Term Investments	(2.500)
6.072	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0.890
17.172	Capital grants, receipts and contributions applied to capital financing	18.695
(66.519)	Net Cash Outflow from Investing Activities	(19.044)
4.000	Cash receipts of short and long-term borrowing	0.000
(2.384)	Cash repayments of short and long-term borrowing	(5.082)
34.369	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(6.299)
0.478	Other receipts from financing activities	1.083
36.463	Net Cash In/(Outflows) from Financing Activities	(10.298)
6.860	Net Increase / (Decrease) in Cash and Cash Equivalents	(5.123)
(10.918)	Cash and Cash Equivalents at the Beginning of the Reporting Period	(17.778)
(17.778)	Cash and Cash Equivalents at the End of the Reporting Period	(12.655)

The cash flows from operating activities in 2022/23 include interest received of £1.520 million (2021/22, £0.366 million) and interest paid of £17.166 million (2021/22, £17.638 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 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23 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(i). 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.

E(ii) Review of Loans Fund Policy

A revised policy on Loans Fund debt charge repayment profiling was implemented in 2021/22 following a review of the previous repayment profiling methodology. The objective of the revised policy was to support a sustainable and deliverable longer-term revenue budget strategy, whilst ensuring that provision remains prudent and appropriate to the benefits that are provided from the associated capital expenditure.

The repayment of loans fund advances is based on:

- the period set for which each advance is to be repaid to the loans fund; and

- the annuity interest rate (the method used which links the repayment of the borrowing to the flow of benefits from an asset where the benefits are expected to increase in later years).

The statutory guidance identifies that the broad aim of a prudent repayment is to ensure that the repayments of a loans fund advance, in relation to the repayment period and each year's repayment amount, are reasonably commensurate with the period and pattern of the benefits provided to the community from the capital expenditure.

The method advised by Link Group as the most appropriate for Angus Council was a simplified annuity method that uses an average repayment period for all loans fund advances and reflects the prudence requirement as stated above, i.e. that it is commensurate with the benefits provided by the capital expenditure.

The statutory duty to administer the loans fund in accordance with prudent financial management extends to the interest rate selected for the annuity calculation. The statutory guidance does not advise on what is an appropriate interest rate for the annuity but suggests that a local authority should set out their policy on interest rate selection and apply that policy consistently.

Report 104/22 Review of Loans Fund Policy was presented to the Angus Council on 10 March 2022 and it was approved that the amended loans fund advances repayment mechanism and resultant debt charges profile for current and future loan repayments would be implemented from 2021/22 onwards.

F. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the 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:-

- The Scottish Teachers' Pension Scheme is administered by the Scottish Public Pensions Agency (SPPA); and
- 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.

- 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 the 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 asset / 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 asset / liability – changes in the net pensions asset / 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 credited / 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 a 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	20-60 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 non-current 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 are recorded within catalogues or inventories held by the Council with only the assets having a fair value of £0.100 million 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 (Service Concessions)
 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.

Service Concession Arrangement flexibility application

The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the Council's PFI / PPP projects. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made which results in a one-off credit to the General Fund and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished. The Statutory Regulation in relation to this matter, Local Government Finance Circular 10/2022 (FC 10/2022), was published in September 2022.

FC 10/2022 replaces the 2010 version that covered this area and permits the authority to apply a temporary flexibility for service concession arrangements entered prior to April 2022. The Circular sets out the accounting requirements and the options permitted for the recognition of repayments of the principal element of the lease component or the lease liability for the year and the temporary flexibility for SCAs entered prior to 1 April 2022.

The Council has applied the permitted change in the calculation of the statutory charge in 2022-23 and the adopted approach has been applied across all four such arrangements held by the Council in line with the key accounting principle of consistency. Note that this approach has not been applied to the SCA for Beech Hill House which is controlled by the Angus Health Social Care Partnership.

The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

Annuity method for revised repayment of debt liability

The recalculation of the debt liability charges applies the annuity method to calculate the revised repayments. This method best represents the consumption of the assets over their useful lives.

This methodology is applied within the Councils current Loans Fund repayment policy. The use of an annuity method for the writing down of the PPP debt liability therefore ensures a consistent approach for the writing down of all debt which is financing capital expenditure, in that;

- The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now.

- The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, considering the real value of the amounts when they fall due.
- The annuity method is a prudent basis for providing for assets that provide a steady flow of benefits over their useful life.

Useful Economic Life

The most appropriate asset life for the calculation is considered to be 50 years for school buildings and 40 years for roads infrastructure which replicates the useful asset life of other similar type assets held on the Council's balance sheet.

Capital Financing Requirement

The reprofiling of the debt liability repayments over the life of the asset rather than the life of the contract increases the Capital Financing Requirement (CFR) as at 1 April 2022. The increase in the CFR will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period.

Accounting Treatment

The statutory adjustment under FC 10/2022 can be made as at 1 April in the year the revised repayments are applied. This option has been exercised in 2022-23 and has been applied retrospectively. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2022 results in a retrospective debit to the Capital Adjustment account in 2022-23 with a corresponding credit in the Movement in Reserves Statement within the General Fund. Further in year annual reductions will be applied along similar lines as the retrospective adjustment until the end of the contract period for each of the four SCAs. Thereafter the revised charges will result in higher costs being charged to the General Fund than the current repayment profile until the end of the UEL.

V. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. 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

The Council holds two categories of reserves, Usable and Unusable.

Usable Reserves – the Council holds a number of Usable Reserves in line with statutory provisions and these are used in the management of the Council's finances subject to the need to maintain a prudent level of reserve. When expenditure is to be financed from a reserve, the funds are uplifted to the appropriate service in that year

and are included in the Net Cost of Service line of the Comprehensive Income and Expenditure Statement. This ensures there is no net charge against council tax for the expenditure.

Unusable Reserves – the Council holds a number of Unusable Reserves which are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and they 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.

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 but 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.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by The Code:

- Definition of Accounting Estimates (amendments to IAS 8). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Disclosure of Accounting Policies (amendment to IAS 1). This requires organisations to disclose their material accounting policy information rather than their significant accounting policies.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The main change is a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and with the requirement to provide new disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023 and there is, therefore, no impact on the 2022/23 financial statements.

The implementation of IFRS 16 for Lease Accounting which was planned to have been adopted with effect from 1 April 2022 has now been deferred until 1 April 2024 with local authorities having the option to adopt earlier if they decide to do so. This standard replaces IAS 17 and removes the operating classification for leases, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts. With the new standard all leases will be considered finance leases unless they meet the specific exception criteria. The Council has opted to defer implementation until 1 April 2024.

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.

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.

However, the Ukraine conflict coupled with the surge in oil, gas and coal prices has affected all levels of the construction supply chain and has led to enforced rate rises and there is greater levels of price and supply uncertainty. As such, valuations prepared on a DRC basis will require annual review. The Council's external valuers, J&E Shepherd have consulted with their related business associates, Hardies Property & Construction Consultants. They have undertaken an analysis of commercial, retail and educational premises and have advised that the percentage increase on prices year on year for financial reporting purposes would be in the region of around 8% – 12%. They therefore suggested that the re-based DRC valuations adopted last year for the buildings should be increased a further 10% this year. This is the percentage that has been applied to the assets and included in the revaluation totals in the balance sheet. They would normally consider a reduction by 2% to reflect a further year of depreciation and obsolescence but given Angus Council depreciate annually on an opening asset value this further reduction has already been accounted for by the Council. The land values do not require adjustment.

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 2023 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 2023 is £1,060.132 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	<p>Estimation of the net asset/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 2023 is £8.852 million and this has moved from a net liability of £22.665 million. This is in the main due to a significant increase in the discount rates and a decrease in future inflation assumptions.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £9.317 million.</p> <p>Although the effect on the net pension liability of changes in assumptions can be measured, the assumptions interact in complex ways. Movements in corporate bond yields and inflation can have a significant impact on the discount rate used to calculate pension liabilities. This in turn can have a substantial impact on the IAS19 balance sheet position.</p>
Inflation	<p>Inflation continued to increase significantly during 2022/23 and, in particular, for certain commodities such as energy and construction materials. This has continued into 2023/24 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.</p> <p>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.</p>	<p>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.</p>

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

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

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

	General Fund Balance £m	Housing Revenue Account £m	Capital Grants Unapplied £m	Capital Funds £m	Unusable Reserves £m
Charges for depreciation and impairment of non-current assets	34.338	15.077	0.000	0.000	(49.415)
Revaluation losses on property Plant and Equipment	(0.213)	0.000	0.000	0.000	0.213
Capital grants and Contributions applied	(13.458)	(3.928)	(0.018)	0.000	17.404
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(0.199)	0.018	0.000	0.000	0.181
Statutory provision for the financing of capital investment	9.565	(1.549)	0.000	0.000	(7.874)
Capital expenditure charged against the General Fund and HRA balances - CFCR	(4.706)	(4.473)	0.000	0.000	9.179

	General Fund Balance £m	Housing Revenue Account £m	Capital Grants Unapplied £m	Capital Funds £m	Unusable Reserves £m
2022/23					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(0.868)	0.000	0.868	0.000	0.000
Other Adjustments	0.000	0.017	0.000	0.000	0.002
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	(1.403)	1.403
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	(0.095)	0.000	0.000	0.000	0.095
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	19.592	0.748	0.000	0.000	(20.340)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.306	0.004	0.000	0.000	(0.310)
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	8.838	0.000	0.000	0.000	(8.838)
Total Adjustments	53.100	5.914	0.850	(1.403)	(58.300)

	General Fund Balance £m	Housing Revenue Account £m	Capital Grants Unapplied £m	Capital Funds £m	Unusable Reserves £m
Comparative Figures in 2021/22					
Charges for depreciation and impairment of non-current assets	36.061	13.085	0.000	0.000	(49.146)
Revaluation losses on property Plant and Equipment	(1.908)	0.000	0.000	0.000	1.908
Capital grants and Contributions applied	(13.143)	(2.503)	(0.581)	0.000	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	0.279	(0.392)	0.000	0.000	0.113
Statutory provision for the financing of capital investment	(8.785)	(1.239)	0.000	0.000	10.024

Comparative Figures in 2021/22	General Fund Balance £m	Housing Revenue Account £m	Capital Grants Unapplied £m	Capital Funds £m	Unusable Reserves £m
Capital expenditure charged against the General Fund and HRA balances - CFCR	(2.439)	(10.187)	0.000	(2.587)	15.213
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(0.812)	0.000	0.812	0.000	0.000
Other Adjustments	0.032	0.054	0.000	0.000	(0.086)
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	(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	(0.136)	0.000	0.000	0.000	0.136
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	22.284	0.856	0.000	0.000	(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	(0.280)	0.006	0.000	0.000	0.274
Total Adjustments	31.153	(0.320)	0.231	(4.437)	(26.627)

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 2022/23.

<u>Usable Reserves</u>	Opening Balance at 1/4/22 £m	Transfer Out 22/23 £m	Transfers In 22/23 £m	Closing Balance at 31/3/23 £m
Sub Total General Fund	56.207	(23.811)	38.818	71.214
Housing Revenue Account	4.370	(0.184)	0.000	4.186
Total General Fund	60.577	(23.995)	38.818	75.400
Insurance Fund	1.592	(0.201)	0.030	1.421
Renewal and Repairs Fund	1.498	(0.755)	0.039	0.782
Capital Funds	2.988	(1.403)	0.043	1.628
Capital Grants Unapplied	1.128	(0.057)	0.868	1.939

Total	67.783	(26.411)	39.798	81.170
<u>General Fund Commitments</u>				
Working Balance/Contingency (per existing policy)	4.700	0.000	0.300	5.000
Balance of 2022/23 Budget Setting - Toilets Accessible to All	0.100	0.000	0.000	0.100
Balance of 2022/23 Budget Setting - Provision for Inflationary Pressures	0.500	0.000	0.000	0.500
Balance of 2022/23 Budget Setting	5.585	(5.585)	0.000	0.000
Future Budget Strategy	3.000	(3.000)	0.000	0.000
Applied in 2023/24 Budget Setting	0.000	0.000	8.479	8.479
Budget Strategy 23/24 – Report 57/23	0.000	0.000	2.750	2.750
Budget Strategy 24/25 – Report 57/23	0.000	0.000	10.750	10.750
Budget Strategy 25/26 – Report 57/23	0.000	0.000	6.500	6.500
Budget Strategy 26/27 – Report 57/23	0.000	0.000	2.000	2.000
Budget Strategy 26/27 – Report 57/23	0.000	0.000	1.000	1.000
2021/22 COVID-19 Response (285/21 & 341/21)	2.500	(1.248)	0.000	1.252
Severance Costs Provision	1.047	(0.110)	0.000	0.937
Provision for Participatory Budgeting	0.262	(0.001)	0.021	0.282
Saving on debt charges to be applied as a special repayment in future years	2.325	(1.283)	0.000	1.042
Change Fund (committee report 83/14 refers)	0.673	(0.222)	0.100	0.551
Tay Cities Deal Fund	0.348	(0.202)	0.100	0.246
Investment Projects (approved as part of 2019/20 budget setting)	0.234	(0.109)	0.000	0.125
Service Developments (approved as part of 2020/21 budget setting)	0.608	(0.297)	0.000	0.311
Prior Year 100 % Carry forward Requests	3.040	(2.591)	0.000	0.449
Additional Carry Forwards requests (report 420/22)	0.000	0.000	0.245	0.245
Ringfenced Grants received in 2022/23 that need to be earmarked for future drawdown as per accounting regulations	6.697	(6.697)	5.324	5.324
Ukraine Grant Funding	0.000	0.000	2.722	2.722
2022/23 Redetermination Monies	0.000	0.000	3.756	3.756
Py Re-determinations	0.632	(0.435)	0.000	0.197
2020/21 COVID-19 Redetermination Monies	1.008	(0.187)	0.000	0.821
2021/22 Non COVID-19 Redetermination Monies	2.870	(1.346)	0.000	1.524

2021/22 COVID-19 Redetermination Monies which are committed for specific projects	2.655	(1.742)	0.068	0.981
Consolidation of the Living Wage – Pay & Grading	0.350	0.000	0.000	0.350
Return of IJB Reserves	0.548	(0.314)	0.312	0.546
ANGUSalve – Income Generation uncertainty/inability to deliver savings targets in Change Programme	0.723	0.000	0.000	0.723
Museum Collection Fund	0.007	(0.007)	0.000	0.000
Welfare Reform Fund	0.380	(0.380)	0.000	0.000
Scottish Welfare Fund	0.383	0.000	0.130	0.513
Discretionary Housing Payments Funding	0.244	(0.155)	0.000	0.089
Affordable Housing Revenue Account	2.942	(0.378)	0.349	2.913
Demolition of Lochside Leisure Centre	0.377	(0.377)	0.000	0.000
2021/22 Carry forwards	0.907	(0.907)	0.000	0.000
Exceptional Cost Pressures Reserve (previously COVID-19 Contingency)	1.723	(0.445)	1.563	2.841
Car Park Reserve	0.267	(0.093)	0.005	0.179
Arbroath Harbour Reserve	0.194	0.000	0.017	0.211
Specific Reserves	0.232	0.000	0.005	0.237
Devolved School Management Scheme	1.502	(1.502)	1.149	1.149
2022/23 100% Revenue Budget Carry Forwards	0.000	0.000	1.097	1.097
Total	49.563	(29.613)	48.742	68.692

Note 7 - Financing and Investment Income and Expenditure

2021/22 £m		2022/23 £m
17.647	Interest payable and similar charges	17.269
1.176	Net Interest on the defined benefit liability	0.395
(0.469)	Interest receivable and similar income	(2.267)
(0.478)	Share of Tayside Contracts (Surplus)/Deficit	(0.196)
17.876	Total Expenditure	15.201

Note 8 - Taxation and Grant Incomes

2021/22 £m		2022/23 £m
	Revenue tax and grant income:	
(52.883)	Council Tax Income	(54.304)
(19.781)	Non Domestic Rates	(26.160)
(213.344)	Scottish Government Revenue Grants	(214.214)
	Capital grants and contributions:	
(10.545)	Scottish Government General Capital Grant	(12.161)
(3.664)	Scottish Government Specific Capital Grants	(4.919)
(1.284)	Other capital grants	(0.794)
(0.964)	Other capital contributions	(0.380)
(302.465)	Total Income	(312.932)
	Credited to Services:	
(18.527)	Housing Benefit Grants	(17.430)
(0.280)	Educational Maintenance Allowance Grant	(0.230)
(0.155)	Discretionary Housing Payments	0.000
(1.993)	Criminal Justice Social Work Grant	(2.043)
(10.067)	Early Learning and Childcare Grant	(11.218)
(2.619)	Pupil Equity Fund/Attainment Scotland Fund	(2.141)
(0.322)	Scottish Government General Capital Grant for Capital Expenditure on 3 rd Party Assets	(0.266)
(33.963)	Total	(33.328)

Note 9 – Expenditure and Funding & Subjective 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.

2021/22 Restated				2022/23		
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
£m	£m	£m		£m	£m	£m
113.137	19.062	132.199	Education & Lifelong Learning	122.723	27.731	150.454
28.816	16.458	45.274	Infrastructure & Environment	24.742	17.850	42.592
20.045	2.788	22.833	Children, Families & Justice	24.378	2.527	26.905

7.084	2.454	9.538	HR, OD, Digital Enablement, IT & Business Support	8.716	2.676	11.392
7.425	2.409	9.834	Strategic Policy, Transformation & Public Sector Reform	7.749	2.090	9.839
6.012	3.551	9.563	Vibrant Communities & Sustainable Growth	4.720	1.980	6.700
2.820	0.956	3.776	Finance	3.002	0.848	3.850
2.622	0.541	3.163	Legal & Democratic Services	2.658	0.652	3.310
1.940	0.697	2.637	Facilities Management	2.242	0.612	2.854
8.521	0.624	9.145	Other Services	10.405	0.141	10.546
0.000	0.000	0.000	Corporate Items	0.904	0.000	0.904
0.800	0.000	0.800	Joint Boards	0.817	0.000	0.817
0.000	0.000	0.000	Ukraine Support Funding	(2.722)	0.000	(2.722)
54.418	5.450	59.868	Adult Services	63.842	5.359	69.201
253.640	54.990	308.630	General Fund Net Expenditure	274.176	62.466	336.642
(12.570)	13.938	1.368	Housing Revenue Account (HRA)	(9.484)	15.829	6.345
241.070	68.928	309.998	Net Cost of Services	264.692	78.295	342.987
(284.589)	(0.113)	(284.702)	Other (income)/Expenditure	(297.732)	(0.181)	(297.913)
(43.519)	68.815	25.296	(Surplus) or Deficit on Provision of Services	(33.040)	78.114	45.074
(136.047)	(41.982)	(178.029)	Other Comprehensive (Income)/Expenditure	(86.702)	(19.653)	(106.355)
(179.566)	26.833	(152.733)	Total Comprehensive (Income)/Expenditure	(119.742)	58.461	(61.281)

2021/22		2022/23		
Total General Fund and HRA £m		General Fund £m	HRA £m	Total General Fund and HRA £m
54.706	Opening General Fund and HRA Balance	56.207	4.370	60.577
(25.296)	Less/Plus Surplus or Deficit on Provision of Services	(41.194)	(3.880)	(45.074)
31.167	Transfer to/from Other Reserves	56.201	3.696	59.897
60.577	Closing General Fund and HRA Balance	71.214	4.186	75.400

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

2022/23				
Adjustments from the General Fund to Arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£m	£m	£m	£m
Education & Lifelong Learning	23.130	4.384	0.217	27.731
Infrastructure & Environment	14.695	3.136	0.019	17.850
Children, Families & Justice	0.157	2.355	0.015	2.527
Human Resources, OD, Digital Enablement, IT & Business Support	1.073	1.594	0.009	2.676
Strategic Policy, Transformation & Public Sector Reform	1.635	0.452	0.003	2.090
Vibrant Communities & Sustainable Growth	0.779	1.193	0.008	1.980
Finance	0.000	0.843	0.005	0.848
Legal & Democratic Services	0.008	0.640	0.004	0.652
Other Services	0.568	0.044	0.000	0.612
Facilities Management	0.061	0.080	0.000	0.141
Corporate Items	0.000	0.000	0.000	0.000
Adult Services	0.857	4.476	0.026	5.359

Total Angus Council Services/General Fund Net Expenditure	42.963	19.197	0.306	62.466
General Fund Net Expenditure				
Housing Revenue Account (HRA)	15.077	0.748	0.004	15.829
Net Cost of Services	58.04	19.945	0.310	78.295
Other Income & Expenditure	(0.181)	0.395	(20.048)	(19.834)
Difference between General Fund Surplus or (Deficit) and Comprehensive Income and Expenditure Statement surplus or (Deficit) on the Provision of Services	57.859	20.340	(19.738)	58.461

2021/22 Restated				
Adjustments from the General Fund to Arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£m	£m	£m	£m
Education & Lifelong Learning	14.556	4.895	(0.389)	19.062
Infrastructure & Environment	12.905	3.528	0.025	16.458
Children, Families & Justice	0.119	2.651	0.018	2.788
Human Resources, Digital Enablement, Information Technology & Business Support	1.004	1.440	0.010	2.454
Strategic Policy, Transformation & Public Sector Reform	1.335	1.069	0.005	2.409
Vibrant Communities & Sustainable Growth	2.441	1.102	0.008	3.551
Finance	0.000	0.950	0.006	0.956
Legal & Democratic Services	0.022	0.514	0.005	0.541
Other Services	0.534	0.090	0.000	0.624
Facilities Management	0.659	0.038	0.000	0.697
Corporate Items	0.000	0.000	0.000	0.000
Adult Services	0.578	4.840	0.032	5.450
Total Angus Council Services	34.153	21.117	(0.280)	54.990
Tayside Joint Valuation Board	0.000	0.000	0.000	0.000
General Fund Net Expenditure	34.153	21.117	(0.280)	54.990
Housing Revenue Account (HRA)	13.085	0.847	0.006	13.938
Net Cost of Services	47.238	21.964	(0.274)	68.928
Other Income & Expenditure	(0.113)	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 Services	47.125	23.140	(43.432)	26.833

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.

Subjective Analysis of Surplus or Deficit on the Provision of Services

2021/22		2022/23
£m		£m
197.214	Employee benefit expenses	207.574
245.107	Other service expenses	271.081
6.485	Support Service recharges	6.187
47.238	Depreciation, amortisation & impairment	58.040
17.647	Interest Payments	17.664

513.691	Total Expenditure	560.546
(184.870)	Fees, charges & other service income	(199.896)
(0.947)	Interest & Investment Income	(2.463)
(52.883)	Income from Council Tax	(54.304)
(249.582)	Government grants & contributions	(258.628)
(0.113)	Gain on disposal of non-current assets	(0.181)
(488.395)	Total Income	(515.472)
25.296	(Surplus) / Deficit on the Provision of Services	45.074

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:

2021/22 £m		2022/23 £m
0.263	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	0.294

Note 11 - Property, Plant and Equipment

Comparative Movements in 2022/23

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Net Book Value									
31 March 2022	327.053	495.699	13.676	133.689	4.732	4.150	35.753	1,014.752	110.585
Additions	10.544	4.672	3.835	9.288	0.051	0.000	6.287	34.677	0.850
Depreciation Charge	(14.931)	(28.951)	(3.300)	(10.828)	(0.035)	(0.207)	0.000	(58.252)	(8.742)
Revaluation increases/ (decreases) recognised in the RRA	17.899	51.552	0.000	0.000	0.000	0.592	0.000	70.043	0.000
Revaluation increases/ (decreases) recognised in the NCS	0.000	0.142	0.000	0.000	0.000	0.000	0.000	0.142	0.000
Disposals /Demolitions	(1.119)	(0.009)	(0.156)	0.000	0.000	0.000	0.000	(1.284)	0.000
Reclassified Assets Held for Sale	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reclassified Assets	5.604	0.904	0.122	0.000	(0.030)	(0.856)	(5.690)	0.054	0.000
31 March 2023	345.050	524.009	14.177	132.149	4.718	3.679	36.350	1,060.132	102.693
Gross Book Value	345.050	547.531	62.594	see note below	5.458	4.748	36.350	see note below	164.385
Accumulated Depreciation & Impairment	0.000	(23.522)	(48.417)	See note below	(0.740)	(1.069)	0.000	see note below	(61.692)
Net Book Value at 31 March 2023	345.050	524.009	14.177	132.149	4.718	3.679	36.350	1,060.132	102.693

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 2021/22 comparatives below.
- The existing carrying amount of a replaced infrastructure asset is treated as zero when replaced.

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	£m	£m	£m	£m	£m	£m	£m	£m	£m
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	0.255	0.000	13.769	89.169	0.746
Depreciation Charge	(12.946)	(21.117)	(3.623)	(10.816)	(0.066)	(0.199)	0.000	(48.767)	(6.803)
Revaluation increases/ (decreases) recognised in the RRA	0.651	109.932	0.000	0.000	0.000	0.000	0.000	110.583	0.000
Revaluation increases/ (decreases) recognised in the NCS	0.000	3.178	0.000	0.000	0.000	0.000	0.000	3.178	0.000
Disposals /Demolitions	(2.850)	(0.785)	(0.318)	0.000	0.000	0.028	0.000	(3.925)	0.000
Reclassified Assets	0.120	(0.490)	(0.130)	(0.035)	0.000	0.330	0.000	(0.205)	0.000
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)	See note below	(0.706)	(1.454)	0.000	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

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 2022/23 valuations were undertaken by External Valuers, J&E Shepherd Chartered Surveyors (MRICS qualified). 2022/23 is the fourth year of the current programme and valuations for 2022/23 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.

A 5 year valuation plan was agreed with Property Asset colleagues and the External Valuer for the period 2019/20 to 2023/24, the assets that were valued in 2022/23 were off street car parks, museums, halls, theatres & libraries. Assets which will be revalued as part of 2023/24 annual accounts will be recreational homes & care centres and depots & workshops.

The Ukraine conflict coupled with the surge in oil, gas and coal prices has affected all levels of the construction supply chain and has led to enforced rate rises and there is greater levels of price and supply uncertainty. As such, valuations prepared on a DRC basis will require annual review. The Council's external valuers, J&E Shepherd have consulted with their related business associates Hardies Property & Construction Consultants. They have undertaken an analysis of commercial, retail and educational premises and have advised that the percentage increase on prices year on year for financial reporting purposes would be in the region of around 8% – 12%. They therefore suggested that the rebased DRC valuations adopted last year for the buildings should be increased a further 10% this year. This is the percentage that has been applied to the assets and included in the revaluation totals in the balance sheet. They would normally consider a reduction by 2% to reflect a further year of depreciation and obsolescence but given Angus Council depreciate annually on an opening asset value this further reduction has already been accounted for by the Council. The land values do not require adjustment.

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	
	£m	£m	£m	
Valuation at 31 March 2022	5.070	0.700	0.100	5.870
Valuation at 31 March 2023	7.270	0.700	0.100	8.070

The valuations disclosed in the balance sheet are based on the assessments prepared for Insurance purposes and are currently in the processes of being revalued by Taylor's Auctioneers & Valuers. Revised and increased valuations have, so far, been received for the 2 highest valued paintings (by Pieter Breugel) and these are being disclosed in the 2022/23 Accounts.

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.

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 March 2022 £m	Valuation at 31 March 2023 £m	Valuation Gain / (Loss) £m
Fine Art Collection				
Painting, The Adoration of the Magi	Pieter Breugel	2.300	3.500	1.200
Painting, St John Preaching in Wilderness	Pieter Breugel	2.000	3.000	1.000
Others		0.770	0.770	0.000
Total Fine Art Collection		5.070	7.270	2.200
Other Collections & Civic Regalia		0.800	0.800	0.000
Total Heritage Assets in Balance Sheet		5.870	8.070	2.200

Note 13 – Long Term Debtors

2021/22 £m		2022/23 £m
0.036	Housing Advances	0.028
2.232	Police Scotland Loan	1.841
0.194	Common Good	0.153
0.001	Empty Homes Initiative	0.000
2.463	Total Long Term Debtors	2.022

Note 14 – Short Term Debtors

2021/22 £m		2022/23 £m
2.753	Local Taxation	2.234
6.512	Trade Customers	6.249
1.623	Related Parties (note 22)	2.632
14.468	Others	17.194
25.356	Total Short Term Debtors	28.309

Note 15 - Cash and Cash Equivalents

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

2021/22 £m		2022/23 £m
0.035	Cash held by the Council	0.042
(0.341)	Bank Overdraft	(0.814)
18.084	Cash Investments	13.427
17.778	Total Cash and Cash Equivalents	12.655

Note 16 – Short Term Creditors

2021/22 £m		2022/23 £m
(0.838)	Local Taxation	(1.073)
(23.566)	Trade Payables	(26.160)
(23.794)	Other Payables	(28.378)
(4.098)	Public Private Partnerships	(4.315)
(11.354)	Related Parties (note 22)	(14.399)
(63.650)	Total Short Term Creditors	(74.325)

Note 17 - Unusable Reserves

31 March 2022 £m		31 March 2023 £m
296.159	Revaluation Reserve Account	359.522
428.788	Capital Adjustment Account	399.882
(0.645)	Financial Instruments Adjustment Account	(0.550)
(22.665)	Pensions Reserve	(8.852)
(6.049)	Employee Statutory Adjustment Account	(6.359)
695.588	Total Unusable Reserves	743.643

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.

2021/22 £m		2022/23 £m
187.677	Balance at 1 April	296.159
114.783	Upward revaluation of assets	72.665
(2.931)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(0.464)
(3.370)	Difference between fair value depreciation and historical cost depreciation	(8.838)
296.159	Balance at 31 March	359.522

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.

2021/22 £m		2022/23 £m
429.228	Balance at 1 April	428.788
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(49.373)	Charges for depreciation and impairment of non-current assets	(49.415)
2.135	Revaluation gain/losses on Property, Plant and Equipment	0.213
0.000	Amortisation of intangible assets	0.000
	Revenue expenditure funded from capital under statute	
0.113	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0.181
3.370	Adjusting amounts written out of the Revaluation Reserve	0.000

2021/22 £m		2022/23 £m
	Capital financing applied in the year:	
1.850	Use of the Capital Receipts Reserve to finance new capital expenditure	1.403
0.000	Unapplied Capital Receipts	0.000
0.000	Capital receipt for finance lease	0.000
15.646	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	17.386
0.581	Application of grants to capital financing from the Capital Grants Unapplied Account	0.018
10.024	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(7.874)
15.213	Capital expenditure charged against the General Fund and HRA balances	9.179
0.001	Other Adjustment	0.003
428.788	Balance at 31 March	399.882

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 2023 will be charged to the General Fund over the next 7 years.

2021/22 £m		2022/23 £m
(0.781)	Balance at 1 April	(0.645)
0.129	Proportion of premiums incurred in previous financial years to be charged against the General Fund Reserve in accordance with statutory requirements	0.088
0.007	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.007
(0.645)	Balance at 31 March	(0.550)

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.

2021/22 £m		2022/23 £m
(65.702)	Balance at 1 April	(22.665)
66.177	Re-measurement of net pensions liability	34.153
(23.140)	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	(20.340)
(22.665)	Balance at 31 March	(8.852)

Employee Statutory Adjustment Account

The Employee Statutory Adjustment 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.

2021/22 £m		2022/23 £m
(6.323)	Balance at 1 April	(6.049)
0.274	Amounts accrued at the end of the current year	(0.310)
(6.049)	Balance at 31 March	(6.359)

Note 18 - Termination Benefits

The Council terminated the contracts of a number of employees in 2022/23 but these did not incur liabilities (£0.000 million in 2021/22). Further detail is provided in the Remuneration Report, page 37, Table 2.

Note 19 – Councillor Remuneration, Allowances and Expenses

2021/22 £m		2022/23 £m
0.605	Remuneration	0.631
0.00	Allowances	0.00
0.011	Expenses	0.006
0.616	Total	0.637

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 2022/23, the employer's rate of contribution was 23.0% and the amount paid over in respect of employer's contributions was £12.691 million (£11.837 million in 2021/22, 23.0%). The estimated value of employer contributions payable to the teachers pension scheme in 2023/24 is £12 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 (pensions). 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 2022/23 the council paid employer contributions totalling £14.364 million (£13.347 million in 2021/22) representing 17.0% of employees' pensionable pay.

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

In 2022/23, the council paid £0.917 million in unfunded discretionary benefits (£0.929 million in 2021/22). Two awards of unfunded discretionary benefits were made in 2022/23 totalling £0.111 million (no awards were made in 2021/22).

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).

The surpluses/deficits in the scheme will be taken into account by the Fund's actuaries in determining 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 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 2023 there was a Pension Liability of £8.852 million with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2023 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 2023, there would have been a shortfall of some £8.852 million. The Pension Liability of £8.852 million compares with a £22.665 million liability for the previous year – a favourable movement of £13.813 million. The Pension liability deficit has been restricted with an asset ceiling of £206.448 million to report a net position. The asset ceiling is the present value of any economic benefits available in the form of refunds or reduced future employer contributions.

As noted above, these assets 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. There were no remeasurements undertaken for Angus Council in 2022/23.

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 Reserve via the Movement in Reserves Statement during the year:-

Year to 31 Mar 2022 £m	<i>The amounts recognised in the CIES statement are:</i>	Year to 31 Mar 2023 £m
35.900	Service cost	35.128
0.340	Administration expenses	0.209
	<i>Financing and Investment Income and Expenditure</i>	
1.176	Net interest on the defined liability /(asset)	0.395
37.416	Total Recognised in the Comprehensive Income & Expenditure Account	35.732
	The amounts recognised in the Movement on Reserves Statement:-	
(23.140)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(20.340)
14.276	<i>Actual amount charged against the General Fund Reserve for pensions in the year:</i>	15.392
13.347	Employer's contributions payable to scheme	14.364
0.929	Retirement benefits payable to pensioners	1.028

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 2021 £m	31 Mar 2022 £m	31 Mar 2023 £m
Present value of the defined benefit obligation	899.034	896.273	629.942
Fair Value of plan assets	(845.033)	(884.415)	(836.390)
Sub-Total	54.001	11.858	(206.448)
Present value of unfunded obligation	11.701	10.807	8.852
Impact of asset ceiling	0.000	0.000	206.448
Net liability arising from defined benefit obligation	65.702	22.665	8.852

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

Year to 31 March 2022 £m		Year to 31 March 2023 £m
910.735	Opening Balance at 1 April	907.080
35.900	Current service cost	34.926
18.011	Interest cost	23.327
(39.019)	Actuarial (gains)/losses arising from changes in financial assumptions	(369.111)

0.000	Actuarial (gains)/losses arising from change in demographic assumptions	0.000
1.917	Experience (gain)/loss on defined benefit obligation	62.518
(24.181)	Estimated benefits paid net of transfers in	(24.340)
0.000	Past service costs, including curtailments	0.202
4.647	Contributions by Scheme participants and other employers	5.114
(0.930)	Unfunded pension payments	(0.922)
907.080	Closing Balance at 31 March	638.794

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

Year to 31 March 2022 £m		Year to 31 March 2023 £m
845.033	Opening Balance at 1 April	884.415
16.835	Interest on assets	22.932
29.511	Return on assets less interest	(65.907)
0.000	Other actuarial gains/(losses)	0.000
(0.340)	Administration expenses	(0.209)
13.840	Contributions by employer including unfunded	15.307
4.647	Contributions by Scheme participants and other employers	5.114
(25.111)	Estimated benefits paid plus unfunded net of transfers in	(25.262)
884.415	Closing Balance at 31 March	836.390

- Please note that the £15.307 million above is an estimated amount used by the Actuary in the preparation of the IAS 19 report and the actual amount of £14.364 million has been reflected through the CIES. This produces a difference of £0.943 million which is due to timing differences of when they collate data for the preparation of the Actuarial report.

Reconciliation of asset ceiling

Year to 31 March 2022 £m		Year to 31 March 2023 £m
-	Open impact of asset ceiling	-
-	Interest on asset ceiling	-
-	Actuarial losses/ (gains)	206.448
0.000	Closing impact of asset ceiling	206.448

- The asset ceiling is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions.

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 2023 %
Equities	
Consumer	7.6
Manufacturing	2.5
Energy & Utilities	2.8
Financial Institutions	9.0
Health and Care	6.7
Information Technology	5.8
Others	9.0
Debt Securities	
Corporate Bonds (investment grade)	12.0
Corporate Bonds (non-investment grade)	0.0

UK Government	0.0
Others	1.9
Private Equity	
All	0.0
Real Estate	
UK Property	9.9
Overseas Property	0.0
Investment Fund and Unit Trusts	
Equities	28.1
Bonds	2.0
Hedge Funds	0.0
Commodities	0.0
Infrastructure	0.0
Others	0.0
Derivatives	
Inflation	0.0
Interest Rate	0.0
Foreign Exchange	0.0
Other	0.0
Cash and Cash Equivalents	
All	2.7
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 2023 % Quoted	31 March 2023 % Unquoted
Fixed Interest Government Securities		
UK	2%	-
Overseas	0%	-
Corporate Bonds		
UK	1%	2%
Overseas	9%	-
Equities		
UK	11%	-
Overseas	34%	28%
Property	10%	-
Derivatives	0%	-
Cash/Temporary Investments	3%	-
Debtors	1%	-
Creditors	0%	-
TOTAL	69.0%	30.0%

The estimated asset breakdown for Angus Council as at 31 March 2023 is as follows:-

31 March 2022 £m	31 March 2022 %	Asset Breakdown	31 March 2023 £m	31 March 2023 %
626.275	71	Equities	604.133	72
41.644	5	Gilts	20.225	2
105.581	12	Other Bonds	105.714	13
96.443	11	Property	81.824	10
13.579	1	Cash	23.040	3
0.893	0	Alternatives	1.454	0
884.415	100%	TOTAL	836.390	100%

Re-measurements in Other Comprehensive Income

Year to 31 March 2022 £m	Re-measurement of the net assets/(defined liability)	Year to 31 March 2023 £m
29.511	Return on Fund assets in excess of interest	(65.907)
-	Other actuarial gains/(losses) on assets	-
39.019	Change in financial assumptions	369.111
-	Change in demographic assumptions	-
(1.917)	Experience gain/(loss) on defined benefit obligation	(62.518)
-	Changes in effect of asset ceiling	(206.448)
66.613	Re-measurements of the net assets/(defined liability)	34.238

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 2021/22		Local Government Pension Scheme 2022/23
	<i>Mortality assumptions</i>	
	<i>Life Expectancy from ages 65 years Retiring today:</i>	
18.9	Men	19.0
22.3	Women	22.4
	<i>Life Expectancy from ages 65 years Retiring in 20 years:</i>	
20.3	Men	20.4
23.9	Women	23.9
4.20%	Rate of increase in salaries	3.90%
2.60%	Rate for discounting scheme liabilities	4.80%
3.20%	Pension Increases CPI	2.90%

Sensitivity Analysis

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

	Increase in Assumption £m	Decrease in Assumption £m
Life expectancy (increase or decrease by 1 year)	26.119	(24.957)
Rate of increase in salaries (increase or decrease by 0.1%)	1.424	(1.413)
Rate of increase in pensions (increase or decrease by 0.1%)	8.284	(8.083)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(9.317)	9.540

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 16 years (2021/22: 19 years)

The Projected Pension Expense for the year to 31 March 2024 are as follows:-

Projections for the year to 31 March 2024	Year to 31 March 2024 £m
Service Cost	16.463
Net Interest on the defined liability (asset)	0.069
Administration expenses	0.208
Total	16.740
Employer Contributions	14.113

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;
- ANGUSalve 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 ANGUSalve. 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 comprised Angus, Dundee and Perth & Kinross councils. Each council contributed towards the running costs. The Consortium was deemed

to be significantly influenced by the Council through its representation on the Steering Group, however the relationship changed at the start of 2022/23 and the Council no longer makes a contribution.

- 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.

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

Table 1 - Related Parties

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

2021/22 Expenditure £m	2021/22 Income £m		2022/23 Expenditure £m	2022/23 Income £m
		Other Public Bodies		
54.640	72.906	Angus Integration Joint Board	64.108	80.995
0.800	0.000	Valuation Board – Requisition	0.814	0.000
0.000	0.478	Tayside Contracts – Share of Surplus and associated interest	0.000	0.365
23.840	0.000	Tayside Contracts – Contracts undertaken	25.261	0.000
6.089	1.050	Dundee City Council – Angus Council payment for MEB waste processing	6.009	2.165
0.000	5.887	NHS Tayside - Resource transfer	0.000	5.887
16.737	0.000	SPPA – Scottish Public Pensions Agency	16.512	0.000
		Entities Controlled or Significantly Influenced by Angus Council		
		ANGUSalive		
5.724	0.298	Contributions to/from company	6.094	0.403
		East of Scotland European Consortium		
0.007	0.000	Contribution due to the Consortium	0.007	0.000
		Tayside Procurement Consortium		
0.061	0.000	Contribution due to the Consortium	0.000	0.000
		Voluntary Action Angus (VAA)		
0.317	0.010	Contributions	0.307	0.000
		Citizens Advice Bureau		
0.136	0.000	Contributions	0.136	0.000
108.351	80.629	Total	119.248	89.815

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.

2021/22 Creditors (note 16) £m	2021/22 Debtors (note 14) £m		2022/23 Creditors (note 16) £m	2022/23 Debtors (note 14) £m
		Other Public Bodies		
5.652	0.000	Angus Integration Joint Board	9.298	0.000
0.000	0.478	Tayside Contracts – Share of Surplus and associated interest	0.000	0.365
3.287	0.000	Tayside Contracts – Contracts undertaken	2.132	0.000
0.504	1.050	Dundee City Council – Angus Council payment for MEB waste processing	0.527	2.165
1.420	0.000	SPPA – Scottish Public Pensions Agency	2.442	0.000
		Entities Controlled or Significantly Influenced by Angus Council		
		ANGUSalive		
0.430	0.095	Contribution from/to company	0.000	0.102
		Tayside Procurement Consortium		
0.061	0.000	Contribution due to the Consortium	0.000	0.000
11.354	1.623	Total	14.399	2.632

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. 2022/23 was the 18th 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 2022/23.

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. 2022/23 was effectively the 18th 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 2022/23.

Forfar / Carnoustie Schools

The Council entered into a 30-year contract to facilitate refurbishment and replacement of 7 schools in Forfar and Carnoustie which had a works value of £42.4m. These schools 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 2022/23 was therefore the 16th 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 2022/23.

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. 2022/23 was the 5th 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 2022/23.

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. 2022/23 was effectively the 4th 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 2022/23.

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.

Application of PPP Service Concession Arrangement Flexibilities

In accordance with Accounting Policy U on page 63 and in line with Finance Circular 10/2022, the Council has applied the permitted PPP Service Concession Arrangement (SCA) flexibility in financial year 2022/23 on a retrospective annuity basis with a useful life of 50 years for school buildings and 40 years for roads infrastructure. The flexibility being applied is consistent with current Council Loans Fund arrangements and is considered prudent, sustainable, and affordable over the life of the respective assets. This approach was approved at the Special Council meeting on 2 March 2023 (Report 55/23 refers).

The current repayment charges have been compared against an annuity repayment profile based on the estimated useful asset lives for each of the four SCA arrangements. In these instances the most appropriate asset life is considered to be 50 years for school buildings and 40 years for roads infrastructure. The calculation of the repayment charges of each Service Concession Arrangement or Public Private Partnership (PPP) scheme using the asset life annuity basis is compared to the current charges which are made over the contract period. By

applying the flexibility a one-off combined pre 2022/23 retrospective saving of £20.123 million, as detailed in the table below, will be achieved.

PPP debt repayment	Current repayment	Revised repayment	(Reduction)/ Cost
	£m	£m	£m
Pre 2022-23	31.350	11.227	(20.123)
Paid in 2022-23	4.037	1.295	(2.742)
Payable within two to five years	18.729	6.161	(12.568)
Payable within six to ten years	33.102	10.494	(22.608)
Payable within eleven to fifteen years	38.850	14.779	(24.071)
Payable within sixteen to twenty years	16.856	20.824	3.968
Payable within twenty-one to twenty-five years	1.655	21.019	19.364
Payable within twenty-six to forty years	0.000	58.780	58.780
Total	144.579	144.579	0

In addition to the one-off retrospective element, an in-year saving occurs in scheduled debt repayments in 2022/23, of £2.742m. This will be followed by a reduction in the annual charges for a further 17 years and then the continuation of the statutory charges after the SCA contracts have been repaid. Over the full asset life of the SCAs the total repayment for the debt liability remains the same.

Impact on CIES and Balance Sheet.

The reprofiling of the debt liability repayments increases the Capital Financing Requirement (CFR) by £20.123m as at 1 April 2022. The increase in the CFR (Note 17) will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2023 has the following impact on the 2022/23 Balance sheet (Capital Adjustment Account) and Movement in Reserves statement:

	£000	£000	£000
Capital Adjustment Account (Note 17)	20.123	2.742	22.865
Movement in Reserves Statement (Note 6)	(20.123)	(2.742)	(22.865)

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 £m	B Beech Hill House £m	C Forfar/ Carnoustie Schools £m	D Forfar Community Campus £m	E Arbroath Schools £m	Totals £m
Liability at 31 March 2022	35.777	1.044	34.029	29.394	14.029	114.273
Additions	0	0	0	0	0	0
Repayment of liability for year	(1.614)	(0.078)	(1.003)	(1.003)	(0.446)	(4.144)
Liability at 31 March 2023	34.163	0.966	33.026	28.391	13.583	110.129
Fair value of liability at 31 March 2023	42.362	0.964	38.482	31.524	14.337	127.669

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 as at 31 March 2023 (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 £m	B Beech Hill House £m	C Forfar/ Carnoustie Schools £m	D Forfar Community Campus £m	E Arbroath Schools £m	Totals £m
Payments due within 1 year (2023/24)						
Repayment of liability	1.711	0.085	1.096	1.055	0.444	4.391
Finance costs	4.897	0.235	2.819	1.977	0.765	10.693
Service charges (inc. life cycle replacement costs)	1.882	0.206	3.384	0.460	0.277	6.209
Total payments due within 1 year	8.490	0.526	7.299	3.492	1.486	21.293
Payments due within 2 to 5 years (2024/25 to 2027/28)						
Repayment of liability	8.194	0.517	6.219	3.954	1.956	20.840
Finance costs	20.194	1.022	10.829	6.918	2.812	41.775
Service charges (inc. life cycle replacement costs)	7.750	0.698	13.302	3.315	1.280	26.345
Total payments due within 2 to 5 years	36.138	2.237	30.350	14.187	6.048	88.960
Payments due within 6 to 10 years (2028/29 to 2032/33)						
Repayment of liability	15.995	0.365	10.475	6.264	2.801	35.900
Finance costs	26.811	0.523	9.737	6.870	2.887	46.828
Service charges (inc. life cycle replacement costs)	7.691	0.317	20.447	5.143	2.128	35.726
Total payments due within 6 to 10 years	50.497	1.205	40.659	18.277	7.816	118.454
Payments due within 11 to 15 years (2033/34 to 2037/38)						
Repayment of liability	8.263	0	15.235	8.586	3.604	35.688
Finance costs	10.932	0	5.271	4.462	2.059	22.724
Service charges (inc. life cycle replacement costs)	8.522	0	20.690	5.905	2.470	37.587
Total payments due within 11 to 15 years	27.717	0	41.196	18.953	8.133	95.999
Payments due within 16 to 20 years (2038/39 to 2042/43)						
Repayment of liability	0	0	0	8.531	4.060	12.591
Finance costs	0	0	0	1.264	0.844	2.108
Service charges (inc. life cycle replacement costs)	0	0	0	5.333	3.588	8.921
Total payments due within 16 to 20 years	0	0	0	15.128	8.492	23.620
Payments due within 21 to 25 years (2043/44 to 2047/48)						

	A A92 Dual Carriageway £m	B Beech Hill House £m	C Forfar/ Carnoustie Schools £m	D Forfar Community Campus £m	E Arbroath Schools £m	Totals £m
Repayment of liability	0	0	0	0	0.718	0.718
Finance costs	0	0	0	0	0.056	0.056
Service charges (inc. life cycle replacement costs)	0	0	0	0	0.437	0.437
Total Payments due within 21 to 25 years	0	0	0	0	1.211	1.211
Repayment of liability	34.163	0.967	33.025	28.39	13.583	110.128
Finance Costs	62.834	1.780	28.656	21.491	9.423	124.184
Service charges (incl. life cycle replacement costs)	25.845	1.221	57.823	20.156	10.18	115.225
Total Payments Due	122.842	3.968	119.504	70.037	33.186	349.537

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 2022 £m		31 March 2023 £m
40.503	Other Land and Buildings	38.940

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 2022 £m		31 March 2023 £m
	Finance lease liabilities:	
2.154	Current	2.106
37.619	Non-current	35.706
18.215	Finance costs payable in future years	17.910
57.988	Minimum lease payments	55.722

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

Minimum Lease Payments 31 March 2022 £m	Finance Lease Liabilities 31 March 2022 £m		Minimum Lease Payments 31 March 2023 £m	Finance Lease Liabilities 31 March 2023 £m
2.459	2.156	No later than one year	2.464	2.107
9.833	8.104	Later than one year and not later than five years	9.616	7.737
42.601	26.429	Later than five years	40.354	24.688
54.893	36.689	Totals	52.43452.434	34.532

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 2023, the Council has entered into a number of contracts for the construction / enhancement / purchase of property, plant and equipment in 2023/24 and future years, budgeted to cost £7.667 million (gross). Similar commitments at 31 March 2022 were £31.556 million (gross). The major commitments (on a gross basis) include:

- Vehicle Replacement Programmes (£1.285 million);
- Angus Mercury Drone Project (£0.700 million);
- Local Flood Risk Management (£0.647 million);
- Equipment Replacement Programme (£0.549million);
- Energy Savings / Reaching Zero Carbon (£0.353 million)

There is a major capital commitment commencing in financial year 2023/24. The Replacement of Monifieth High School project starts in 2023/24 and has an estimated spend of £21.750 million in its first year.

Note 26 - Construction Contracts

At 31 March 2023 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 2022.

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.

2021/22 £m	Movement in Year	2022/23 £m
262.277	Opening Capital Financing Requirement	302.151
0.000	Adjustment to Opening Capital Financing Requirements	(1.579)
262.277	Adjusted Opening Capital Financing Requirement	300.572
	Capital Investment:	
89.169	Property, Plant and Equipment	34.779
	Sources of Finance:	
(2.955)	Capital Receipts	(1.148)
(19.540)	Government Grants and other Contributions	(20.947)
	Sums set aside from revenue:	
(16.151)	Direct revenue contributions	(7.406)
(5.267)	Loans Fund Principal	(9.266)

(5.382)	Repayment of Liability – Finance Lease / PFI & PPP	16.595
302.151	Closing Capital Financing Requirement	313.179
	Explanation of Movements in year	
5.048	Increase / (decrease) in underlying need to borrow (supported by government financial assistance)	(3.662)
0.456	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(0.326)
38.588	Movement in liability of assets acquired under finance leases	(2.155)
(4.218)	Movement in liability of assets acquired under PFI/PPP contracts	18.750
39.874	Increase/(Decrease) in Capital Financing Requirement	12.607

Gross Capital Expenditure on Services

2021/22 Actual £m		2022/23 Actual £m	2022/23 Budget £m
	CAPITAL EXPENDITURE ON SERVICES		
0.088	Economic Development	0.271	0.590
26.759	Housing Revenue Account	11.770	14.793
0.511	Planning & Sustainable Growth	0.085	0.099
2.413	Environmental Services	3.062	4.635
1.478	Property Asset	1.709	2.107
13.140	Roads & Transportation	11.941	14.139
0.000	Children, Families & Justice	0.000	0.000
2.423	Education & Lifelong Learning	3.179	3.614
0.553	Digital Enablement & Information Technology	0.668	0.885
0.200	Angus Health & Social Care Partnership	0.295	1.009
0.094	ANGUSalive	0.724	1.490
1.948	Tay Cities Deal	0.225	1.078
49.607	Total Capital Expenditure	33.929	44.439
	Financing of Capital Expenditure		
2.955	Sale of Assets	1.221	1.605
19.540	Government Grants & Other Contributions	20.874	20.642
12.818	Contribution from Revenue	6.546	11.027
2.587	Local Capital Fund	0.010	0.987
11.707	Advances from Loans Fund	5.278	10.178
49.607	Total Capital Financing	33.929	44.439

The Council did not capitalise any borrowing costs during 2022/23.

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 2022 £m	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	
Amortised Cost	0.482	0.475	2.463	2.022	73.693	75.449	25.356	28.309	106.255
Total Financial Assets	0.482	0.475	2.463	2.022	73.693	75.449	25.356	28.309	106.255

Financial Liabilities

	Non-current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31 March 2022 £m	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	
Amortised Cost	138.237	134.640	0	0	9.610	8.148	63.650	74.325	217.113
Total Financial Liabilities	138.237	134.64	0	0	9.610	8.148	63.650	74.325	217.113

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.

2021/22		2022/23		
		Financial Liabilities Measured at amortised cost £m	Financial Assets Measured at amortised cost £m	Total £m
(6.692)	Interest expense	(6.646)	0	(6.646)
(0.132)	Losses on derecognition	(0.089)	0	(0.089)
(6.824)	Interest payable and similar charges	(6.735)	0.000	(6.735)
0.466	Interest income	0	2.264	2.264
0.003	Gains on derecognition	0.001	0	0.001
0.469	Interest and investment income	0.001	2.264	2.265
(6.355)	Net gain /(loss) for the year	(6.734)	2.264	(4.470)

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 2022						+	
Carrying Amount £m	Fair Value £m		Principal Amount Outstanding £m	Less LOBO Accounting Adjustments £m	Add Accrued Interest £m	Carrying Amount £m	Fair Value £m
108.610	141.403	PWLB	104.168	0	0.836	105.004	98.815
14.093	21.650	Market Debt	14.000	0	0.093	14.093	13.492
16.025	23.175	LOBOs	16.474	(0.474)	0.027	16.027	15.673
63.650	63.650	Creditors	74.325	0	0	74.325	74.325
9.409	8.620	Short term borrowing	7.165	0	0.027	7.192	7.166
211.787	258.498	Total financial liabilities	216.132	(0.474)	0.983	216.641	209.471

All of the Council's PWLB and LOBO loan portfolio are fixed rate, fixed term loans. The fair value of PWLB loans is lower than the carrying amount as the Council's PWLB loan portfolio contains a significant number of older loans with fixed rates which are now slightly lower than the rates now available for similar PWLB loans at the Balance Sheet date. The fair value of LOBOs are slightly lower than the carrying value as the LOBO loans predominantly comprise fixed rates that are lower 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 2022			31 March 2023	
Carrying Amount £m	Fair Value £m		Carrying Amount £m	Fair Value £m
63.680	63.680	Deposits with banks and building societies	67.807	67.807
10.013	10.013	Deposits with other local authorities	5.052	5.052
0.000	0.000	Money Market Fund deposits	2.501	2.501
0.482	0.482	Other Structured deposits	0.475	0.475
2.582	1.928	Long term debtors	2.022	1.444
25.356	25.356	Debtors	28.309	28.309
102.113	101.459	Total financial assets	106.166	105.588

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 the same as the carrying amount as the Council's deposit portfolio contains deposits with fixed rates which are comparable to 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 due to the effects of inflation.

Soft Loans

The council had no soft loans at the 31st March 2023.

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 2022/23 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 Bank) as noted below.

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

In respect of the financial year 2022/23 the following limits were in place 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 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 2022/23 and in line with the approved Treasury Management Strategy, therefore, the placement of funds with Clydesdale Bank 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 2023 £m	Estimated maximum exposure – default etc £m
Deposits with other banks	67.807	0.000
Deposits with other local authorities	5.052	0.000
Money Market Fund deposits	2.501	0.000
Collateralised deposits	0.000	0.000
Customers	3.671	0.371
Totals	79.031	0.371

There were no instances of exceeding investment limits which arose during 2022/23. 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 £2.755 million of the £3.671 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 2023 £m
Less than 3 months	1.745
3 to 6 months	0.303
6 months to 1 year	0.369
More than 1 year	1.254
Total	3.671

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 22 £m		Carrying Amount £m	Less Lobo Accounting £m	Loan Value 31 March 23 £m
	Loans Outstanding			
113.091	PWLB	107.757	0.000	107.757
16.000	LOBOs - European Banks	16.474	(0.474)	16.000
14.000	Market Debt - UK Banks	14.000	0.000	14.000
143.091	Total	138.231	(0.474)	137.757
	Maturity Structure			
5.334	Less than 1 year	3.589	0.000	3.589
3.589	Between 1 and 2 years	0.889	0.000	0.889
4.372	Between 2 and 5 years	3.927	0.000	3.927
3.557	Between 5 and 10 years	3.113	0.000	3.113
126.239	Over 10 years	126.713	(0.474)	126.239
143.091	Total	138.231	(0.474)	137.757
The 2021/22 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 £17.728 million (13.9%).

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.

2021/22 £m		2022/23 £m
	Expenditure	
	Interest Paid on Loans:-	
5.175	Public Works Loan Board	4.920
1.329	Other mortgages and bonds	1.330
0.013	Internal loans	0.099
0.210	Interest paid on revenue balances	1.636
0.130	Expenses of borrowing	0.146
6.857	TOTAL EXPENDITURE	8.131
	Income	
0.287	Interest received	2.034
6.440	Interest charged to borrowing accounts	5.951
0.130	Expenses recovered from borrowing accounts	0.146
6.857	TOTAL INCOME	8.131

Loans Fund Interest

The average rate of interest charged on borrowing from the Loans Fund was 3.93% in 2022/23. The 2021/22 rate was 4.35%.

Debt Management Expenses

The equivalent rate for debt management expenses was 0.10%. The 2021/22 rate was 0.09%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2023 was £144.732 million or £1,246.40 per head of population. The figures at 31 March 2022 were £148.719 million or £1,284.05 respectively.

Note 31 – Other Long Term Liabilities

Other long term liabilities (£141.835 million) are considered throughout the notes to the accounts. They essentially consist of two main factors; deferred income & deferred liabilities.

2021/22 £m		2022/23 £m
	Other Long Term Liabilities	
	Deferred Income:	
0.300	Prepaid Income	0.268
0.300	TOTAL DEFERRED INCOME	0.268
	Deferred Liabilities:	
37.812	Finance Leases	35.706
0.048	Government Funding	0.048
110.175	Outstanding Debt associated with PPP projects	105.813
148.035	TOTAL DEFERRED LIABILITIES	141.567
148.335	TOTAL OTHER LONG TERM LIABILITIES	141.835

Note 32 – Contingent Liability/Asset

Contingent Liability

Litigation Cases: The Council is involved in 2 legal cases which have the potential for a settlement to be required of up to £0.471 million. Due to the ongoing nature of the cases 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 these matters.

Contingent Asset

Litigation Case: The Council is involved in a legal case which has the potential for a settlement to be paid to the Council of £0.100 million. Due to the ongoing nature of the case it is not appropriate to include further details of the matter. The determination of whether the settlement to the Council will be required is uncertain, and the contingent asset is recognising the possibility that the Council will receive payment 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 2023

	Council Usable Reserves £m	Council Unusable Reserves £m	Total Council Reserves £m	Share of Reserves of Associates, Joint Venture & Subsidiaries £m	Total Group Reserves £m
Balance at 31 March 2021	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	0.000	0.000	0.000	(0.407)	(0.407)
Adjustments between accounting basis and funding basis under regulations	26.627	(26.541)	0.086	0.000	0.086
Net Increase / Decrease before Transfers to Earmarked Reserves	1.331	151.488	152.819	19.027	171.846
Transfers to / from Earmarked Reserves	0.000	0.001	0.001	0.000	0.001
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
Movement in reserves during 22/23					
Surplus or (deficit) on provision of services	(45.074)	0	(45.074)	(10.130)	(55.204)
Other Comprehensive Expenditure and Income	0	106.355	106.355	22.086	128.441
Total Comprehensive Expenditure and Income	(45.074)	106.355	61.281	11.956	73.237
Opening balance / Group share adjustments	8.838	(8.838)	0.000	(0.100)	(0.100)
Adjustments between accounting basis and funding basis under regulations	49.623	(49.462)	0.161	0	0.161
Net Increase / Decrease before Transfers to Earmarked Reserves	13.387	48.055	61.442	11.856	73.298
Transfers to / from Earmarked Reserves	0	0	0	0	0
Increase / Decrease in Year	13.387	48.055	61.442	11.856	73.298
Balance at 31 March 2023 carried forward	81.170	743.643	824.813	54.213	879.026

Group Comprehensive Income and Expenditure Statement for the year 31 March 2023

2021/22				2022/23		
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
152.007	(19.808)	132.199	Education & Lifelong Learning	171.305	(20.851)	150.454
58.961	(13.687)	45.274	Infrastructure & Environment	53.822	(11.230)	42.592
25.725	(2.892)	22.833	Children, Families & Justice	30.043	(3.138)	26.905
5.347	(0.939)	4.408	Strategic Policy, Transformation & Public Sector Reform	5.742	(1.594)	4.148
10.556	(1.018)	9.538	Human Resources, OD, Digital Enablement, IT & Business Support	11.392	0.000	11.392
33.383	(23.820)	9.563	Vibrant Communities & Sustainable Growth	30.559	(23.859)	6.700
5.596	(1.754)	3.842	Finance	5.281	(1.358)	3.923
4.258	(1.095)	3.163	Legal & Democratic Services	4.429	(1.119)	3.310
2.987	(0.350)	2.637	Facilities Management	3.272	(0.418)	2.854
11.480	(2.335)	9.145	Other Services	16.220	(5.675)	10.545
0.000	0.000	0.000	Corporate Items	0.904	0.000	0.904
0.000	0.000	0.000	Ukraine Support	0.496	(3.218)	(2.722)
0.808	(0.008)	0.800	Joint Boards	0.825	(0.008)	0.817
144.705	(84.837)	59.868	Adult Services	165.572	(96.371)	69.201
455.813	(151.604)	303.270	General Fund Net Expenditure	499.862	(168.839)	331.023
33.629	(32.261)	1.368	Housing Revenue Account	39.391	(33.046)	6.345
489.442	(-183.865)	304.638	Cost of Services - Council	539.253	(-201.884)	337.368
10.374	(4.340)	6.034	Interest in Subsidiary – Angus Alive	9.082	(2.799)	6.283
0.047	(0.055)	(0.008)	Interest in Subsidiary – Charitable Trusts	0.077	(0.104)	(0.027)
0.938	(0.367)	0.571	Interest in Subsidiary – Common Good	1.338	(0.389)	0.949
500.801	(188.627)	311.235	Group Cost Of Services	549.75	(205.176)	344.573
		(0.113)	Other Operating (Income)/ Expenditure - Council			(0.181)
		(5.700)	Other Operating (income)/ Expenditure –Associates & JV			8.354
		17.876	Financing & Investment (Income)/ Expenditure – Council			15.201
		(302.465)	Taxation and Non-Specific Grant Income - Council			(312.932)
		20.833	Group Deficit on Provision of Services			55.015
		(111.852)	(Surplus) or deficit on revaluation of non-current assets – Council			(72.202)
		(4.639)	(Surplus) or deficit on revaluation of non-current assets - Subsidiaries			(3.919)
		(66.177)	Re-measurement of net pension liability - Council			(34.153)

2021/22				2022/23		
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
		(3.424)	Re-measurement of net pension liability – Subsidiaries			(12.979)
		(6.905)	Re-measurement of net pension liability – Associates & JV			(22.823)
		(192.997)	Other Group Comprehensive (Income) /Expenditure			(146.076)
		(172.164)	Total Group Comprehensive (Income)/Expenditure			(91.061)

Group Balance Sheet as at 31 March 2023

31/03/2022 £m		Group Notes	31/03/2023 £m
1,036.997	Property, Plant & Equipment		1,085.402
5.870	Heritage Assets		8.070
3.150	Investment Property		3.252
1.979	Assets Held for Sale		1.904
0.000	Pension Asset		7.362
2.067	Long Term Investments		2.023
2.289	Long Term Debtors		1.887
1,052.352	Long Term Assets		1,109.900
73.797	Short Term Investments	10	75.587
0.399	Inventories		0.362
26.073	Short Term Debtors	9	28.978
21.104	Cash and Cash Equivalents	8	17.158
121.373	Current Assets		122.085
(5.881)	Short Term Borrowing		(4.574)
(64.349)	Short Term Creditors	11	(75.585)
(70.230)	Current Liabilities		(80.159)
(138.237)	Long Term Borrowing		(134.640)
(27.019)	Pension Liability	12	(8.852)
(148.335)	Other Long Term Liabilities		(141.835)
15.825	Liability in Associates & Joint Ventures		12.527
(297.766)	Long Term Liabilities		(272.800)
805.729	Net Assets		879.026
72.503	Usable Reserves		88.026
717.622	Unusable Reserves		768.737
15.604	Group Reserves		22.263
805.729	Total Reserves		879.026

The unaudited financial statements were issued on 30 June 2023 and the audited financial statements were authorised for issue by Ian Lorimer on 26 October 2023.

Ian Lorimer CPFA
Director of Finance
26 October 2023

Group Cash Flow Statement as at 31 March 2023

2021/22 £m		2022/23 £m
(20.833)	Net surplus or (deficit) on the provision of services	(55.106)
83.447	Adjustment to surplus or deficit on the provision of services for non-cash movements	91.913
(20.875)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(19.769)
3.334	(Surplus) or deficit attributable to Associates / Joint Ventures	8.356
(9.034)	(Surplus) or deficit attributable to Jointly Controlled Entities	0
36.039	Net Cash Inflows from Operating Activities *	25.394
(89.763)	Purchase of property, plant and equipment, investment property and intangible assets	(36.129)
0.000	Purchase of short-term and long-term investments	(2.500)
5.989	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0.893
17.182	Other receipts / payments from investing activities	18.695
(66.592)	Net Cash Outflows from Investing Activities	(19.041)
34.369	Cash payments for the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
4.000	Cash receipts of short and long term borrowing	(5.082)
(2.384)	Repayments of short and long-term borrowing	(6.299)
0.478	Other receipts / payments for financing activities	1.083
36.463	Net Cash Inflows from Financing Activities	(10.298)
5.910	Net increase or (decrease) in cash and cash equivalents	(3.945)
15.194	Cash and cash equivalents at the beginning of the reporting period	21.104
21.104	Cash and Cash equivalents at the end of the reporting period (Note 8)	17.159

* The cash flows from operating activities in 2022/23 includes interest received of £2.122 million (2021/22 £0.381million) and interest paid of £17.114million (2021/22 £17.646 million).

Note 1 - Statement of Accounting Policies

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

Note 2 - Changes in Accounting Policy

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

Note 3 - Consolidation

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

Note 4 - Combining Entities

Subsidiaries

ANGUSalive

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

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

After accounting for IAS 19 Employee Benefits, the net assets of ANGUSalive were £11.301 million at 31 March 2023, compared to net liabilities of £0.928 million at 31 March 2022. The total Statement of Financial Activities including Income and Expenditure for the year to 31 March 2023 was net expenditure of £0.749 million, compared to net expenditure of £0.608 million for the period to 31 March 2022.

ANGUSalive's 2022/23 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 122.

Common Good Funds

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

The financial performance of the Common Good Funds is reported within this accounts document at page 124.

Associates

Two entities have been consolidated as associates into Angus Council's Group Accounts in 2022/23 – 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 26.42% (the share in 2021/22 was 26.45%).

After accounting for IAS 19 Employee Benefits, the net assets of the Board were £5.222 million at 31 March 2023, compared to net liabilities of £0.223 million at 31 March 2022. The total Comprehensive Income and Expenditure for the year to 31 March 2023 was net income of £5.445 million, compared to net income of £1.684 million for the period to 31 March 2022.

A copy of Tayside Valuation Joint Board's 2022/23 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 2022/23, which is 32.0% (the share in 2021/22 was 30.3%).

After accounting for IAS 19 Employee Benefits, the net assets of the Joint Committee were £56.342 million at 31 March 2023, compared to net liabilities of £6.084 million at 31 March 2022. The total Comprehensive Income and Expenditure for the year to 31 March 2023 was net income of £62.427million, compared to net income of £10.315 million for the period to 31 March 2022.

A copy of Tayside Contracts' 2022/23 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 £21.564 million at 31 March 2023, compared to net assets of £35.454 million at 31 March 2022. The cost of services (before allowance for grant income) for the year to 31 March 2023 was £207.711 million, compared to a cost of services of £189.497 million for the period to 31 March 2022. After allowing for grant income (funding from Angus Council and NHS Tayside), the total Comprehensive Income and Expenditure for the year to 31 March 2023 was net expenditure of £13.890 million, compared to net income of £18.068 million for the period to 31 March 2022.

A copy of AIJB's 2022/23 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 £54.063million (2021/22 showed an increase of £42.358 million). The main factor in this significant increase in net assets was the actuarial gains on defined benefit pension schemes particularly within Tayside Contracts and Angus Alive. These pension assets were based on figures provided by the council's actuary. Some of the assumptions used were inconsistent with the understanding of the correct treatment. Tayside Contracts pension asset figures has not been amended as the audit on their annual accounts is not yet complete. Angus Alive's pension asset figure within the Group Accounts reflects the alternative approach. Tayside Valuation Joint Board are still in the process of being updated with the amended pension asset figure. 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.

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 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 £10.721million.

Note 8 – Group Cash and Cash Equivalents

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

2021/22 £m		2022/23 £m
3.361	Cash in Bank and in Hand held by the Group	4.238
(0.341)	Bank Overdraft	(0.814)
18.084	Cash Investments	13.427
21.104	Total Cash and Cash Equivalents	16.851

Note 9 – Short Term Debtors (Net of Provisions)

2021/22 £m		2022/23 £m
25.356	Angus Council Debtors	28.309
0.013	Charitable Trusts Debtors	0.016
0.003	Common Good Fund Debtors	0.023
1.036	Angus Alive Debtors	0.733
(0.335)	Exclude Intra Company Debtors	(0.103)
26.073	Total Group Debtors	28.978

Note 10 - Short Term Investments

2021/22 £m		2022/23 £m
73.693	Angus Council Short Term Investments	75.449
0.104	Charitable Trusts Short Term Investments	0.138
73.797	Total Group Short Term Investments	75.587

Note 11 – Short Term Creditors

2021/22 £m		2022/23 £m
63.650	Angus Council Creditors	74.325
0.006	Charitable Trust Creditors	0.007
0.038	Common Good Fund Creditors	0.042
0.990	Angus Alive Creditors	1.314
(0.335)	Exclude Intra Company Creditors	(0.103)
64.349	Total Group Creditors	75.585

Note 12 – Liability / (Assets) Related to Defined Benefit Pension Scheme

2021/22 £m		2022/23 £m
22.665	Angus Council – Pensions Liability / (Assets)	8.852
4.354	Angus Alive – Pensions Liability / (Assets)	(7.362)
27.019	Total Group Pension Liability	1.490

Note 13 – Additional Disclosure

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

2021/22 %		2022/23 %
0.07	Tayside Valuation Joint Board	0.03
3.08	Tayside Contracts	2.84
1.53	Angus Alive	0.26

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.

2021/22 Pension Scheme Obligations £m	2021/22 Total Gross Liabilities £m		2022/23 Pension Scheme Obligations £m	2022/23 Total Gross Liabilities £m
0.090	0.243	Tayside Valuation Joint Board	0	0.097
2.704	11.317	Tayside Contracts	0.597	10.009
4.354	5.642	Angus Alive	0	0.903

Note 14 – Group Reserves

The Group Reserves on the Group Balance Sheet contain reserves in respect of Charitable Trusts amounting to £2.226 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 122.

Note 15 – Entities Not Consolidated

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

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

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

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

- i) 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).
- ii) Business Gateway Tayside (BGT) – BGT act as a supplier of services, with Angus Council having no rights to assets or responsibility for liabilities.
- iii) 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.
- iv) 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.
- v) 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.

Note 16 – Audit of Group Entities

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

Subsidiaries

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

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

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

Associates

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

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

Joint Venture

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

In all of the above cases the audit opinion determines whether the financial statements give a true and fair view in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2023 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 2023

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 which 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.

2021/22 Actual £m		2022/23 Actual £m	2022/23 Budget £m
	Expenditure		
7.707	Repairs and Maintenance	10.963	10.475
8.676	Supervision and Management	8.902	9.283
1.707	Void Rents	1.653	1.461
13.085	Depreciation and impairment of non-current assets	15.077	15.077
0.617	Movement in the allowance for bad debts	0.392	0.500
0.589	Other expenditure	0.656	0.713
32.381	Total Expenditure	37.643	37.509
	Income		
(29.286)	Dwelling Rents	(29.656)	(29.690)
(0.718)	Non-Dwelling Rents	(0.708)	(0.725)
(1.289)	Other Income	(1.208)	(1.564)
(31.293)	Total Income	(31.572)	(31.979)
1.088	Net cost of HRA services as included in the Comprehensive and Expenditure Statement	6.071	5.530
0.280	HRA share of Corporate and Democratic Core	0.274	0.282
1.368	Net cost of HRA Services	6.345	5.812
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(0.392)	(Gain) or loss on sale of HRA non-current asset	0.018	0.018
1.521	Interest payable and similar charges	1.428	1.970
0.054	Pension interest cost and expected return on pension assets	0.017	0.017
(2.503)	Non-specific Grant Income	(3.928)	(3.928)
0.048	(Surplus) or Deficit for the year on HRA services	3.880	3.889

Movement on the HRA Statement for the Year Ended 31 March 2023

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.

2021/22 £m		2022/23 £m
(5.374)	Balance on the HRA at the end of the previous year	(4.370)
0.048	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	3.880
0.320	Adjustments between accounting basis and funding basis under statute	(5.914)
0.368	Net (Increase) or decrease before transfers to or from reserves	(2.034)
	Transfers to / (from) earmarked reserves:	
(0.300)	Affordable Housing Account	(0.300)
0.000	Transfer to General Fund – Pay Award Funding	2.518
0.936	Appropriation of General Fund Property	0.000
0.636	Net transfer to / from earmarked reserves	2.218
1.004	(Increase) or decrease in year on the HRA	0.184
(4.370)	Housing Revenue Account surplus carried forward	(4.186)
	Summary of HRA Balance Commitments:	
1.000	Minimum Policy Level	1.000
3.370	Scottish Housing Quality Standard / New Build / Zero Carbon	3.186
4.370	Total HRA Balance Commitments	4.186

Notes to the HRA Income and Expenditure Statement

Note of reconciling items for the Movement on HRA Statement

2021/22 £m		2022/23 £m
	Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement	
(13.085)	Depreciation	(15.077)
(0.006)	Employee Benefits	(0.004)
(0.856)	IAS 19 Pension Adjustment	(0.748)
(13.947)		(15.829)
1.239	Loans fund principal repayments	1.549
10.823	Capital expenditure funded by the HRA	4.173
0.300	Capital expenditure funded by Affordable Housing Reserve	0.300
(0.936)	Appropriation of General Fund Property	0.000
2.503	Non Specific Grant Income	3.928
(0.054)	HRA Share of contributions to or from the Pensions Reserve	(0.017)
13.875		9.933
	Gain/Loss on Sale of HRA non-current assets	
3.241	Non-current assets sales proceeds (net of cost of sales)	1.076
(2.849)	Net Book Value of non-current assets sold	(1.094)
0.392		(0.018)
0.320	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(5.914)

Housing Stock

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

2021/22		2022/23
42% / 58%	Houses / Maisonettes	42% / 58%
£	Stock changes can be summarised as follows: -	£
7,695	Stock at 1 April	7,719
	Add:	
51	New Build	24
7	Acquisitions / Conversions	19
	Less:	
(7)	Open Market Sales	(3)
(27)	Closures / Demolitions/Conversions	(22)
7,719	Stock at 31 March	7,737

Rent Arrears

Rent arrears as at 31 March 2023 were £3.130 million, and the comparable figure for 31 March 2022 was £2.671 million.

The provision for bad or doubtful debt has increased from £1.550 million at 31 March 2022 to £1.755 million at 31 March 2023.

Prior Year Items

There are no exceptional or prior year items disclosed in the 2022/23 HRA Income and Expenditure Statement.

Council Tax Income Account and Notes

Income Account

The Council Tax Income Account 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.

2021/22 £m		2022/23 £m
67.015	Gross Council Tax Levied & Contributions in Lieu	69.452
(5.524)	Council Tax Reduction Scheme (CTRS)	(5.580)
(7.890)	Other Discounts & Reductions	(8.252)
(1.115)	Provision for Uncollected Debts & Allowances for Impairments	(1.265)
52.4862.486	Net Council Tax Income	54.355
0.398	Adjustment to previous years' Council Tax	(0.051)
52.884	Transfers to the Comprehensive Income & Expenditure Statement (CIES)	54.304

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 2022/23

2021/22		Valuation Band								2022/23
TOTAL		A	B	C	D	E	F	G	H	TOTAL
57,250	Total Number of Properties	15,328	12,946	7,340	8,954	8,050	3,231	1,740	165	57,754
1,866	Less Exemptions/ Deductions	1,166	474	209	148	111	29	19	18	2,174
5,336	Less Adjustment for Single Discounts	2,239	1,283	681	639	416	117	54	3	5,432
975	Less Adjustment for Double Discounts	349	166	112	77	55	26	17	9	811
49,073	Effective Number of Properties	11,574	11,023	6,338	8,090	7,468	3,059	1,650	135	49,337
	Band D Equivalent Factor (Ratio)	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
47,925	Band D Equivalent Number of Properties	7,753	8,573	5,649	8,115	9,733	4,935	3,202	328	48,288
838	Less Provision for Non-Collection 1.75%	136	150	99	142	170	86	56	6	845
47,087	Base as per Budget Setting	7,617	8,423	5,550	7,973	9,563	4,849	3,146	322	47,443
4,870	Less CTRS Band D Equivalent	2,337	1,147	531	374	193	72	39	1	4,694
42,217		5,280	7,276	5,019	7,599	9,370	4,777	3,107	321	42,749

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2022/23 Council Tax income of £59.127m. Inclusion of £0.250m for income from long term empty properties, Surplus Local Tax income of £0.134m, income from MOD properties of £0.100m and the Council Tax Reduction Scheme payments of £5.462m, results in a net budget for Council Tax income of £54.149m.

Council Tax Properties and Council Tax Charges

2021/22 Effective Number of Properties	2021/22 Total Council Tax Charge £		2022/23 Effective Number of Properties	2022/23 Total Council Tax Charge £
11,646	804.36	A	11,574	828.09
11,074	938.42	B	11,023	966.11
6,286	1,072.48	C	6,337	1,104.12
7,937	1,206.54	D	8,091	1,242.14
7,316	1,585.26	E	7,469	1,632.03
3,046	1,960.64	F	3,058	2,018.47
1,632	2,362.81	G	1,650	2,432.51
136	2,956.03	H	135	3,043.23
49,073			49,337	

Non-Domestic Rates Income Account and Notes

The Non-Domestic Rate Account is a 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.

2021/22 £m		2022/23 £m
39.743	Gross Rates Levied & Contributions in Lieu	40.211
(17.348)	Reliefs & Other Deductions	(13.148)
(0.014)	Write-offs of uncollectable debts & allowances for impairment	(0.187)
22.381	Net Non-Domestic Rate Income	26.876
(2.376)	Adjustment to previous years' National Non-Domestic Rates	(0.799)
(0.015)	Non-Domestic Rate Income Retained by Council from Incentivisation Scheme (BRIS)	0.000
19.990	Contribution to Non-Domestic Rate Pool	26.077

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.

2021/22 £m		2022/23 £m
19.767	Distribution from Non-Domestic Rate Pool	26.160
0.015	Non-Domestic Rate Income Retained by Council from Incentivisation Scheme (BRIS)	0.000
19.782	Non-Domestic Rate Income credited to the Comprehensive Income and Expenditure Statement	26.160

The 2022/23 rate poundage which is set nationally was 49.8p 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 2022)

No of properties	Rateable Value as at 1 April 2021 £m	Non-Domestic Rateable Subjects	No of properties	Rateable Value as at 1 April 2022 £m
1,168	16.542	Shops	1,177	16.478
85	1.298	Public Houses	85	1.298
476	4.734	Offices including banks	468	4.726
58	1.729	Hotels etc	59	1.743
1,268	17.532	Industrial Subjects etc	1,281	17.240
514	6.248	Leisure, Entertainment, Caravans etc	532	6.367
105	1.376	Garages and Petrol Stations	103	1.401
55	0.635	Cultural	59	0.689
791	1.168	Sporting Subjects	791	1.159
83	8.884	Education and Training	82	8.875
322	7.630	Public Service Subjects	315	6.953
7	0.085	Communications (Non Formula)	7	0.085
20	0.508	Quarries Mines etc	20	0.508
172	0.853	Religious	173	0.859
134	7.526	Health & Medical Care	136	7.517
386	3.402	Other	388	3.246
5,644	80.150	Total	5,676	79.144

Charitable Trusts

The Council acts as sole trustee for a total of 59 Charitable Trusts. 2 are registered with OSCR (Strangs Mortification and ACCT), 55 are Educational Endowments and 2 are classed as other Trusts. 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 2023.

Income and Expenditure Account for the year ended 31 March 2023

2021/22		2022/23		
Total £m		OSCR Registered £m	Other £m	Total £m
0.047	Expenditure			
0.037	Beneficiaries	0.075	0.002	0.077
	Administration	0.041	0.000	0.041
0.084	Total Expenditure	0.116	0.002	0.118
(0.048)	Income			
(0.007)	Rents, feu duties, dividends and interest	(0.061)	(0.000)	(0.061)
(0.000)	Loans Fund interest	(0.039)	(0.004)	(0.043)
	Transfer from Capital Account/Endowment Funds	(0.000)	(0.000)	(0.000)
(0.055)	Total Income	(0.100)	(0.004)	(0.104)
0.029	(Surplus)/Deficit	0.016	(0.002)	0.014

Balance Sheet as at 31 March 2023

31/3/22		31 March 2023		
Total £m		OSCR Registered £m	Other £m	Total £m
0.002	Non-Current Assets			
1.585	Heritable Property	0.000	0.002	0.002
	Long Term Investments	1.548	0.000	1.548
1.587	Total Non-Current Assets	1.548	0.002	1.550
0.013	Current Assets			
0.104	Debtors	0.016	0.000	0.016
0.676	Short Term Investments	0.138	0.000	0.138
	Revenue Advances to Loans Fund	0.318	0.211	0.529
0.793	Total Current Assets	0.472	0.211	0.683
(0.006)	Current Liabilities			
	Creditors and accruals	(0.007)	(0.000)	(0.007)
(0.006)	Total Current Liabilities	(0.007)	0.0	(0.007)
0.787	Working Capital	0.465	0.211	0.676
2.374	Total Net Assets	2.013	0.213	2.226
2.104	Reserves			
0.270	Capital Account/Endowment Funds	1.963	0.007	1.970
	Reserve Account/Unrestricted Funds	0.050	0.206	0.256
2.374	Total Reserves	2.013	0.213	2.226

The unaudited financial statements were issued on 30 June 2023 and the audited financial statements were authorised for issue by Ian Lorimer on the 26 October 2023.

Ian Lorimer CPFA
 Director of Finance
 26 October 2023

Notes - Principal Trust Funds

Charity	Area Covered	Balance at 31/03/23 Capital £m	Balance at 31/03/23 Revenue £m
ACCT – Angus Wide	Angus Wide	0.557	0.010
Robert & William Strang Mortification	Forfar	1.406	0.040
TOTAL		1.963	0.050

Capital Reserves/Endowment Funds

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

	Balance at 01/04/22 £m	Movement in Valuation £m	Capital Income £m	Capital Expenditure £m	Balance at 31/03/23 £m
Movement during year	2.104	(0.134)	0.000	(0.000)	1.970

Registered Charities

Of the 57 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 55 non-registered Trusts are primarily Educational Endowments and remain unchanged.

Audit Arrangements

Under Regulation 7 (Connected Charities) of the Charities Accounts (Scotland) Regulations 2006, a single collated set of statements has been prepared covering the 2 OSCR registered Charities. This collated set of statements is subject to independent external audit as a single audit and this is being carried out by the Council's external auditors (Audit Scotland). The audit fee of £0.007m was borne by the 2 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 policy in relation to the use of Common Good assets and resources can be found at Appendix 3a and Appendix 3b of the Council's Financial Regulations (Financial Regulations Appendix 3). 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 2023.

Income and Expenditure Account for the year ended 31 March 2023

Actual 2021/22 £m		Budget 2022/23 £m	Actual 2022/23 £m
	Expenditure		
0.029	Property Costs	0.063	0.052
0.009	Supplies and Services	0.001	0.002
0.029	Central Support Services Charges	0.032	0.032
0.239	Projects	0.509	0.243
0.047	Loan Interest & Principal Repayable	0.048	0.048
0.699	Depreciation & Impairment	0.993	0.993
1.052	Total Expenditure	1.646	1.370
	Income		
(0.315)	Fees, Charges etc	(0.316)	(0.327)
(0.008)	Interest on Revenue Balances	(0.052)	(0.056)
(0.129)	Other Income	(0.003)	(0.006)
(0.452)	Total Income	(0.371)	(0.389)
0.600	Net (Surplus)/Deficit	1.275	0.981

Balance Sheet as at 31 March 2023

As at 31 st March 2022 £m		As at 31 st March 2023 £m
	Non-Current Assets	
22.219	Heritable Property (less Depreciation)	25.244
0.024	Other Assets	0.024
0.021	Long Term Debtors	0.018
22.264	Total Non-Current Assets	25.286
	Current Assets	
0.003	Debtors	0.023
3.053	Revenue Advances to Loans Fund	3.045
3.056	Total Current Assets	3.068
	Current Liabilities	
(0.038)	Creditors and Accruals	(0.042)
(0.038)	Total Current Liabilities	(0.042)
3.018	Working Capital	3.026
(0.195)	Long Term Creditor	(0.153)
25.087	Total Net Assets	28.159
	Usable Reserves	
2.212	Revenue Cash	2.224
0.841	Capital Cash	0.841
9.875	Funds tied up in fixed assets	9.219
	Unusable Reserves	
12.159	Revaluation Reserve Account	15.875
25.087	Total Reserves	28.159

The unaudited financial statements were issued on 30 June 2023 and the audited financial statements were authorised for issue by Ian Lorimer on 26 October 2023.

Ian Lorimer CPFA
Director of Finance
26 October 2023

USABLE RESERVES

1. Movement in Individual Common Good Reserve Funds:

Revenue

	Revenue Cash at 31/03/22 £m	Income £m	Expenditure £m	Revenue Cash at 31/03/23 £m
Arbroath	0.501	0.114	(0.096)	0.519
Brechin	0.483	0.065	(0.037)	0.511
Forfar	0.763	0.118	(0.097)	0.784
Kirriemuir	0.008	0.000	0.000	0.008
Montrose	0.457	0.092	(0.147)	0.402
TOTAL	2.212	0.389	(0.377)	2.224

Capital

	Capital Cash at 31/03/22 £m	Income £m	Expenditure £m	Capital Cash at 31/03/23 £m
Arbroath	0.281	0.000	0.000	0.281
Brechin	0.206	0.000	0.000	0.206
Forfar	0.202	0.000	0.000	0.202
Kirriemuir	0.000	0.000	0.000	0.000
Montrose	0.152	0.000	0.000	0.152
TOTAL	0.841	0.000	0.000	0.841

Funds tied up in fixed assets

	Reserve Account Balance at 31/03/22 £m	Movement 2022/23 £m	Reserve Account Balance at 31/03/23 £m
TOTAL	9.875	(0.656)	9.219

UNUSABLE RESERVES

Revaluation Reserve Account

	Reserve Account Balance at 31/03/22 £m	Movement 2022/23 £m	Reserve Account Balance at 31/03/23 £m
TOTAL	12.159	3.716	15.875

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2022/23

	(Surplus) Deficit on Inc. & Exp. Account £m	Adjust for Non Cash Transactions (See Note 3) £m	Adjust for Cash Transactions £m	Balance Advanced (To)/From Loans Fund £m
Arbroath	0.141	(0.159)	0.020	0.002
Brechin	0.079	(0.107)	0.000	(0.028)
Forfar	(0.009)	(0.011)	0.000	(0.020)
Kirriemuir	0.000	0.000	0.000	0.000
Montrose	0.770	(0.716)	0.000	0.054
TOTAL MOVEMENT IN YEAR	0.981	(0.993)	0.020	0.008
2021/22 Balance b/fwd cash due Loans Fund				(3.053)
Decrease per surplus above				0.008
Cash due from Loans Fund as at 31/03/23				(3.045)

3. Non Cash Transactions Adjusted in Note 2 Above

	£m
Depreciation & Impairment	0.993
Total	0.993

The above Common Good accounts for 2022/23 and Balance Sheet as at 31/03/2023, have applied, where relevant, the same accounting policies as those for Angus Council's 2022/23 Annual Accounts as stated in "Note 1 – Summary of Significant Accounting Policies" and are presented in line with the latest LASAAC guidance "Accounting for the Common Good Fund" dated May 2023.

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 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate 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 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 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2023 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 2022/23 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 by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. 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 the 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:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Director Finance as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Director Finance concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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 parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Director of Finance is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts 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 parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 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.

Pauline Gillen
Audit Director
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT