

**REPORT TO:** SCRUTINY COMMITTEE – 29 JUNE 2022

**REPORT ON:** DUNDEE CITY COUNCIL - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**REPORT NO:** 190-2022

## **1 PURPOSE OF REPORT**

To provide some background and additional commentary on the Council's unaudited Annual Accounts for the year ended 31 March 2022 which are being submitted to the Scrutiny Committee along with this report.

## **2 RECOMMENDATIONS**

It is recommended that the Committee:

- i notes the contents of this covering report;
- ii notes the unaudited Annual Accounts which have been submitted along with report;
- iii instructs the Executive Director of Corporate Services to arrange for the unaudited Annual Accounts to be signed as required and submitted to the Council's external auditor by 30 June 2022 at the latest; and
- iv notes that the key assumptions underpinning the independent actuaries calculation of the Council's IAS 19 liability have been reviewed and accepted by the Council as administering authority for the Pension Fund.
- v notes that a members' briefing on the Annual Accounts will be arranged

## **3 FINANCIAL IMPLICATIONS**

The Council's 2021/2022 Movement in Reserves Statement shows that there was a surplus on General Fund services of £10.233m during the year. This gives a closing General Fund Balance of £60.807m as at 31 March 2022, of which an estimated £9.793m is uncommitted.

In terms of fund earmarked: £9.591m for specific service expenditure where funding was received but not spent (£4.390m for Covid-related spend and £5.201m for non-Covid related spend). £18.000m to cover general Covid-related cost pressures (including lost income streams) for the period 2022 to 2025. £3.000m to fund Covid recovery measures, £5.000m to fund service change initiatives, £4.400m to fund the agreed roof remedial works, £5.472m to cover other inflationary pressures including energy, fuel and increased in other contracted charges linked to inflation e.g. PPP Schools and Residual Waste Contract. After taking on board other remaining smaller ear-marked funds totalling £5.551m, a sum £9.793m remains uncommitted within the overall General Fund balance.

## **4 BACKGROUND**

- 4.1 The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Regulations 2014. Section 8 of these regulations requires that:

“(9) A local authority or a committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts as submitted to the auditor.

(10) The meeting referred to in paragraph (9) must be held no later than 31st August immediately following the financial year to which the Annual Accounts relate.”

- 4.2 As in previous years the Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code). There are no significant changes included within the 2021/2022 Code, that impact upon the Council's Accounts.
- 4.3 The Annual Accounts already include a detailed management commentary on the figures contained therein and it is not intended to repeat this in this covering report. It is however, worth reiterating a few of the more salient points, particularly around the significant impact of Covid-19 in terms of additional expenditure and funding.
- 4.4 A surplus on General Fund services of £10.233m was generated during the 2021/2022 financial year. This was against a £10.598m budgeted reduction in General Fund balances. This represents an overall net underspend of £20.831m against the 2021/2022 Revenue Budget. The main components of the net underspend are included within the tables set out on pages 3 to 5 of the Annual Accounts document, with base budget and Covid-19 related variances shown separately.
- 4.5 The Council's 2021/2022 Movement in Reserves Statement shows that there was a surplus on General Fund services of £10.233m during the year. This gives a closing General Fund Balance of £60.807m as at 31 March 2022, of which an estimated £9.793m is uncommitted.
- 4.6 In terms of fund earmarked: £9.591m for specific service expenditure where funding was received but not spent (£4.390m for Covid-related spend and £5.201m for non-Covid related spend). £18.000m to cover general Covid-related cost pressures (including lost income streams) for the period 2022 to 2025. £3.000m to fund Covid recovery measures, £5.000m to fund service change initiatives, £4.400m to fund the agreed roof remedial works, £5.472m to cover other inflationary pressures including energy, fuel and increased in other contracted charges linked to inflation e.g. PPP Schools and Residual Waste Contract. After taking on board other remaining smaller ear-marked funds totalling £5.551m, a sum £9.793m remains uncommitted within the overall General Fund balance. This equates to 2.7% of annual budgeted net expenditure. Further details of the break-down of the overall General Fund balance are shown in note 10 on page 78 of the accounts.
- 4.7 The total value of usable cash-backed revenue reserves has increased over the year by £14.170m to £79.071m at 31 March 2022. In addition, a balance of £0.327m remains on the Capital Receipts Unapplied Account to fund future transformation projects. This represents capital receipts from asset sales allocated for this purpose, but not yet spent. Please refer to Note 47 on page 118 for further details.
- 4.8 The Council's net pension liability (as calculated under IAS 19) has decreased over the year by £68.2m, to £66.9m at 31 March 2022. The decrease in the liability was due to a number of factors: the current Service Cost for 2021/2022 was higher than the employer's pension contributions to the scheme, there was a positive return on plan assets and an actuarial loss arising from changes in financial assumptions. The key assumptions underpinning the independent actuaries calculation of the Council's IAS 19 liability have been reviewed and accepted by the Council as administering authority for the Pension Fund.

- 4.9 Copies of the enclosed Accounts will be sent to the Council's appointed external auditor (Fiona Mitchell-Knight, Assistant Director, Audit Services, Audit Scotland) by no later than 30 June 2022 to commence the audit of the Accounts. The audit completion deadline is 31 October 2022 but we hope and anticipate that the audit will be completed in time for reporting to the Scrutiny Committee on 26 October 2022.

## 5 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues identified.

## 6 **CONSULTATIONS**

The Council Leadership Team were consulted in the preparation of this report.

## 7 **BACKGROUND PAPERS**

None.

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**27 JUNE 2022**

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# Annual Accounts

As at 31 March 2022

Unaudited



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# Dundee City Council

## Annual Accounts 2021/2022

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## PART 1 - INTRODUCTION & BACKGROUND

We are pleased to present the Audited Annual Accounts for Dundee City Council (“the Council”) and its Group for the year ended 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022 (“the Code”). This management commentary provides context for the annual accounts, an analysis of financial and non-financial performance and an insight into the priorities and plans of the Council and the key developments during the period. The principal financial risks and uncertainties facing the Council are identified, together with the potential impact and actions being taken. The Council's response to the on-going Covid-19 epidemic is set out, together with the associated financial implications.

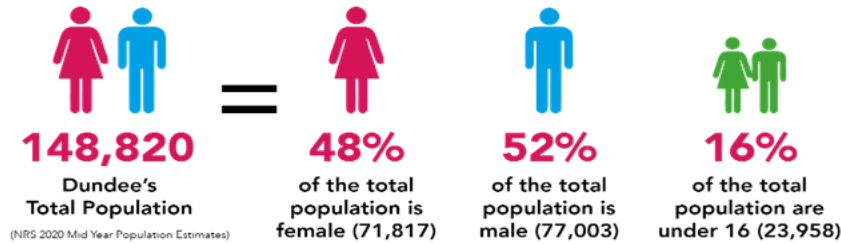
### Service and Management Structures

There were no significant changes to service and management structures during 2021/2022. The Council's five strategic service areas and two key partnerships (DHSCP and LACD) are:

	<b>Children and Families</b>	The Children and Families Service is responsible for Nursery, Primary and Secondary Education, Community Justice Services and Integrated Children’s Services
	<b>City Development</b>	City Development Services is responsible for the promotion of jobs, the city’s road network, transportation facilities and Council properties and the control of development and building operations.
	<b>Dundee Health &amp; Social Care Partnership</b>	The Dundee Health and Social Care Partnership brings together adult health and social care services.
	<b>Neighbourhood Services</b>	Neighbourhood Services is responsible for the management and maintenance of housing and the environment, waste management, supporting people to develop their communities and keeping people safe and healthy.
	<b>Leisure &amp; Culture Dundee</b>	Leisure and Culture Dundee is a Scottish Charitable Incorporated Organization responsible for Leisure and Sport, Libraries and Culture.
	<b>Corporate Services</b>	Corporate Services is responsible for Corporate Finance, Customer Services, IT, Democratic and Legal Services, Human Resources and Business Support.
	<b>Chief Executive’s Services</b>	The Chief Executive’s Service is responsible for the efficient and effective management of the Council and its resources and for Community Planning, Transformation and Performance, Communications and National Entitlement Card for Scotland.

### Dundee City Council

Dundee is Scotland’s fourth largest city, situated on the north coast of the Tay Estuary. The Dundee City Council area covers 60 square kilometres and is, geographically, the smallest local authority area in Scotland. Dundee is home to 148,820 people and is bordered by Perth and Kinross Council to the west and Angus Council to the north and east. Dundee continues to serve as the regional centre for this area and North-East Fife, with an estimated catchment population of some 490,000 people. Dundee has a sizeable student population, and is home to the University of Dundee, Abertay University and Dundee & Angus College. Dundee was Scotland’s first Fair Trade City, the UK’s first Living Wage City and the UK’s first UNESCO City of Design.



## PART 2 - FINANCIAL MATTERS

### Review of the 2021/2022 Financial Year - Revenue Budget

The 2021/2022 General Services Revenue Budget was agreed at the meeting of the Policy and Resources Committee on 4 March 2021. The Council Tax was frozen, after budget savings totalling £1.367m were approved (in addition to base budget savings of £4.232m). No ear-marked General Fund balances were used in setting the 2021/2022 budget. The 2021/2022 Housing Revenue Account Budget was agreed at the meeting of the Policy and Resources Committee on 25 January 2021 and it was also agreed that rent levels would increase on average by 1.50%.

The Policy and Resources Committee received regular revenue monitoring reports during 2021/2022 in order to keep elected members fully apprised as to the projected outturn position. The Council's 2021/2022 Revenue Budget was again impacted by additional expenditure and funding relating to Covid-19.

The Consolidated Income & Expenditure Statement (page 55) shows a deficit on the provision of services of £69.092m for 2021/2022, measured on an accounting basis. This deficit is carried forward to the Movement in Reserves Statement (page 57), where adjustments totalling (£80.262m) have been made to restate the accounting position to a funding basis. The overall net increase in usable reserves is £10.891m on a funding basis. The Expenditure and Funding Analysis (page 51) provides a detailed reconciliation between the funding and accounting bases, with the former also providing a direct linkage back to the regular revenue monitoring reports to Committee.

Within the overall net increase in usable reserves of £10.891m, the increase in the General Fund and Housing Revenue Account balances over the year was £10.233m. This was against a budgeted £10.598m reduction in General Fund and Housing Revenue Account balances and this represents an overall net underspend of £20.831m against the 2021/2022 Revenue Budget. The main components of the net underspend are as follows:

	(Under)/ Over Spend £m
Children & Families Services	(4.847)
Dundee Health & Social Care Partnership	-
City Development	(3.734)
Neighbourhood Services	(3.424)
Chief Executive	(2.403)
Corporate Services	(3,192)
DCS Construction	0.280
Housing Revenue Account	(0.386)
Other Miscellaneous Service Budgets	1.513
<b>Net Underspend on Services</b>	<b>(16.191)</b>
Other Operating Expenditure	(0.026)
Financing & Investment Income & Expenditure	(2.837)
Taxation and Non Specific Grant Income	(1.449)
<b>Net Underspend per Comprehensive Income &amp; Expenditure Statement</b>	<b>(20.504)</b>
Items in Movement in Reserves Statement:	
Pension Contributions	(1.218)
Loan Repayments & CFCR	0.133
<b>Net Underspend Before Appropriations</b>	<b>(21.589)</b>

Additional Contributions to / (from) Reserves:	
Surplus on Housing Revenue Account (transferred to Renewal & Repair Fund)	1.699
Insurance Fund	(0.766)
Capital Receipts Used to Fund Severance Costs (transferred from CG&R Unapplied Account)	(0.202)
Other transfers from CG&R Unapplied Account	0.027
<b>Net Underspend After Appropriations</b>	<b>(20.831)</b>

At a more detailed level, the main areas of variance against budget are shown in the table below. Variances are based on adjusted budgets i.e. after additional Covid-related funding has been included:

<b>Base Budget Overspends:</b>	<b>£m</b>
<b>Children &amp; Families:</b>	
Transfer and Third Party Payments e.g. costs re Sistema project and additional external placements and delays in returning children to DCC residential housing, one off payment to staff for 'Waking nights' and direct assistance payments.	2.202
<b>City Development:</b>	
Vehicle parts, material and consumables have increased reflecting rising costs for these items	0.376
<b>Neighbourhood Services:</b>	
Income shortfall	0.397
<b>Corporate Services:</b>	
PPE stock written off, IT Equipment & Licencing and Sheriff Officers Commission	0.326
<b>HRA:</b>	
Shortfall in rental income from Council Houses	0.277
<b>Miscellaneous:</b>	
Increase in impairment allowance on trade debtors	0.676
Renewal & Repair Fund Transfer (HRA surplus)	1.699

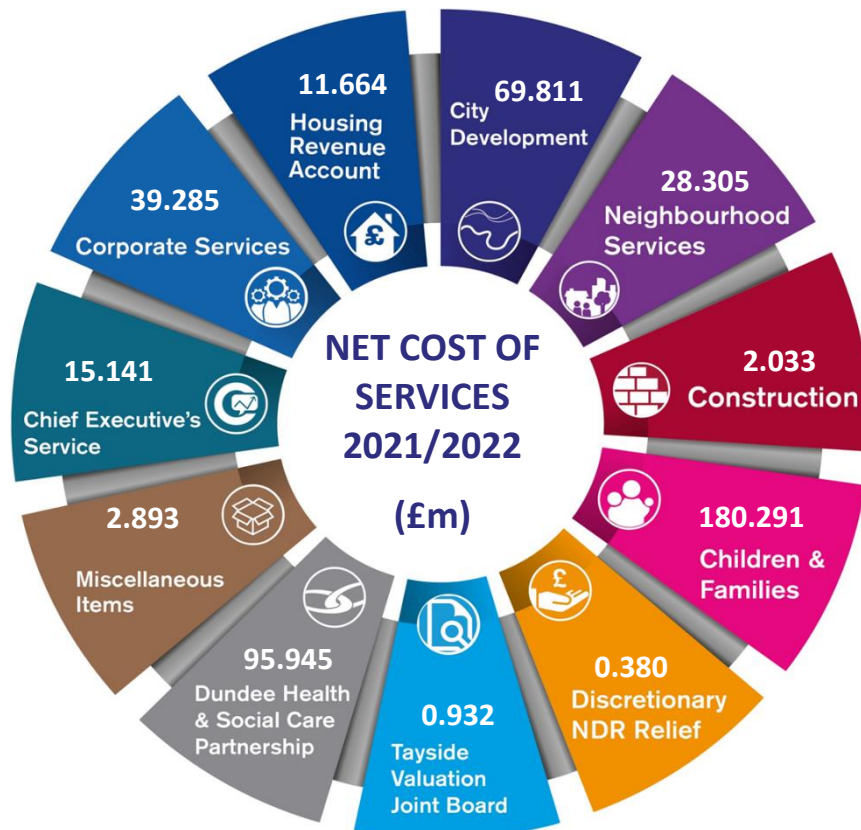
<b>Base Budget Underspends:</b>	<b>£m</b>
Staff Costs (all services)	(6.082)
<b>Children &amp; Families:</b>	
Property costs underspend mainly due lower than anticipated non-domestic rates	(0.269)
Supplies & Services savings in school meals	(1.558)
Transport savings across all sectors	(0.064)
Additional income relation to SEN Recoveries, Children's Services - Home Office Income and CORRA Foundation	(0.650)
<b>City Development:</b>	
Third Party Payments - Underspend in payments under Employability Pathway programme and lower Corporate Fleet recharges	(1.511)
<b>Neighbourhood Services:</b>	
Various underspends in Supplies & Services	(0.367)
Underspend due to share of Excess Revenue Share from MVV for the Baldovie plant mainly due to increased in energy sales due to rising prices	(1.658)
<b>Chief Executive:</b>	
Various underspends in Supplies & Services	(1.170)
<b>HRA:</b>	
Lower than anticipated expenditure on Property Costs (mainly Repairs and Maintenance and Planned Maintenance e.g. Timber Treatment and Asbestos Works)	(0.321)
<b>Miscellaneous:</b>	
Additional income in relation to capital receipts used to fund severance costs	(0.202)
Pension contributions lower than expected in line with staff costs underspend across services	(1.218)
Capital finance costs and CFCR savings including Housing Revenue Account	(3.007)
Additional Council Tax income	(1.274)

<b>Net Covid Costs Variances :</b>	
Staff costs (all services)	(0.906)
<b>Children &amp; Families:</b>	
PPE reflecting lower costs than was previously anticipated	(0.779)
Various overspend in Third Party Payments	0.748
<b>City Development:</b>	
Supplies and Services	(0.550)
Loss of income from Covid was fully offset by the SG additional budget in 2021.22 and over recovery of anticipated lost income was achieved in the later months of the year as the construction industry continues to recover/ One off claim money from previous years claim and in year share.	(0.313)
<b>Neighbourhood Services:</b>	
Costs of vaccination centres	0.675
Net additional income in relation to providing temporary accommodation	(1.982)
<b>Chief Executive:</b>	
SG funding for local self-insulation Assistance Services and various underspends in Supplies & Services	(0.534)
Underspends against additional funding allocations	(0.494)
<b>Construction:</b>	
Increased overheads	0.456
<b>Covid Funding Received in 21-22 to be used in 22-23:</b>	
Children & Families	(1.004)
City Development	(0.651)
Neighbourhood Services	(0.115)
Chief Executive	(0.438)
Corporate Services	(2.182)

The General Fund balance has increased by £10.233m over the year, to £60.807m at 31 March 2022.

Within the overall General Fund balance of £60.807m at 31 March 2022, £9.591m is ear-marked for specific service expenditure where funding was received but not spent (£4.390m for Covid-related spend and £5.201m for non-Covid related spend). In terms of general Covid-related cost pressures going forward (including lost income streams), £18.000m remains has been earmarked for future years. In addition, a sum of £3.000m has been ear-marked to fund Covid recovery measures, £5.000m to fund service change initiatives, £4.400m to fund the agreed roof remedial works and £5.472m set aside to cover other inflationary pressures including energy, fuel and increased in contracted charges linked to inflation. After taking on board other smaller ear-marked funds totalling £5.551m, a sum £9.793m remains uncommitted within the overall General Fund balance. This equates to 2.7% of annual budgeted net expenditure.

Further details of the breakdown of the overall General Fund balance are shown in note 10 on page 78. The value of net assets shown in the Council's Balance Sheet (page 58) has increased from £774.3m (at 31 March 2021) to £826.9m (at 31 March 2022) i.e. an increase of £52.6m. The main reasons for this movement are a decrease in Pension Liabilities of £68.2m plus an improvement in the net current liabilities position (excluding borrowing) of £4.4m, offset by increased debt (i.e. borrowing and long-term liabilities) of (£19.3m). The Cash Flow Statement (page 59) shows that cash and cash equivalents have increased by £39.3m over the period, with a closing cash and cash equivalents position of £36.8m.



### Management of Reserves

Under the Council's Standing Orders and Schemes of Administration, the Executive Director of Corporate Services has delegated powers to:

- manage the Council's various reserves and balances in accordance with the agreed protocol and any other relevant guidance, and
- transfer funds between reserves as part of the Council's overall financial management arrangements.

The agreed protocol for the operation of the Council's Reserves states that the Executive Director of Corporate Services shall include a statement showing the movements in the Council's Reserves in the Annual Accounts. The following table shows the movements in the Council's available cash-backed reserves during 2021/2022.

	General Fund £m	HRA Balance £m	Renewal & Repair Fund £m	Insurance Fund £m	Capital Fund £m	Total £m
<b>Opening Balance 1 April 2021</b>	<b>50.574</b>	<b>-</b>	<b>11.467</b>	<b>2.224</b>	<b>0.636</b>	<b>64.901</b>
Surplus / (Deficit) for the Year	9.471	1.699	0.004	(0.004)	-	11.170
Transfer of HRA Surplus	-	(1.699)	1.699	-	-	-
Transfers Under Delegated Powers	0.762	-	-	(0.762)	3.000	3.000
<b>Closing Balance 31 March 2022</b>	<b>60.807</b>	<b>-</b>	<b>13.170</b>	<b>1.458</b>	<b>3.636</b>	<b>79.071</b>

In addition to the above, £5.606m of capital receipts from asset sales during 2018 to 2022 have been set aside to fund costs associated with future transformation projects (including £0.931m set aside in 2021/2022). As at 31 March 2022, £1.348m had been used to fund severance costs (including £0.202m used in 2021/2022). During the year, £3.000m was transferred to the Capital Fund to help fund future capital works. This leaves a

balance of £1.714m at 31 March 2022. In line with the statutory guidance set out in Local Government Finance Circular 4/2019, this sum is currently held in the Capital Grants & Receipts Unapplied Account pending its use.

### Review of the 2021/2022 Financial Year - Capital Budget

On 22 February 2021, the Policy & Resources Committee approved a combined five-year Capital Plan for General Services and Housing totalling £386.4m over the period 2021 to 2026 including £70.7m for later years. The gross capital budget for 2021/2022 totalled £117.271m. The Policy & Resources Committee received capital monitoring reports during 2021/2022 to keep elected members apprised of project cost to date, the projected outturn position and projected completion dates. Actual gross capital expenditure for the year was £57.375m. The following table compares the actual outturn position with budget for capital expenditure and the associated funding. The underspend against the original capital budget was due to slippage across a range of projects.

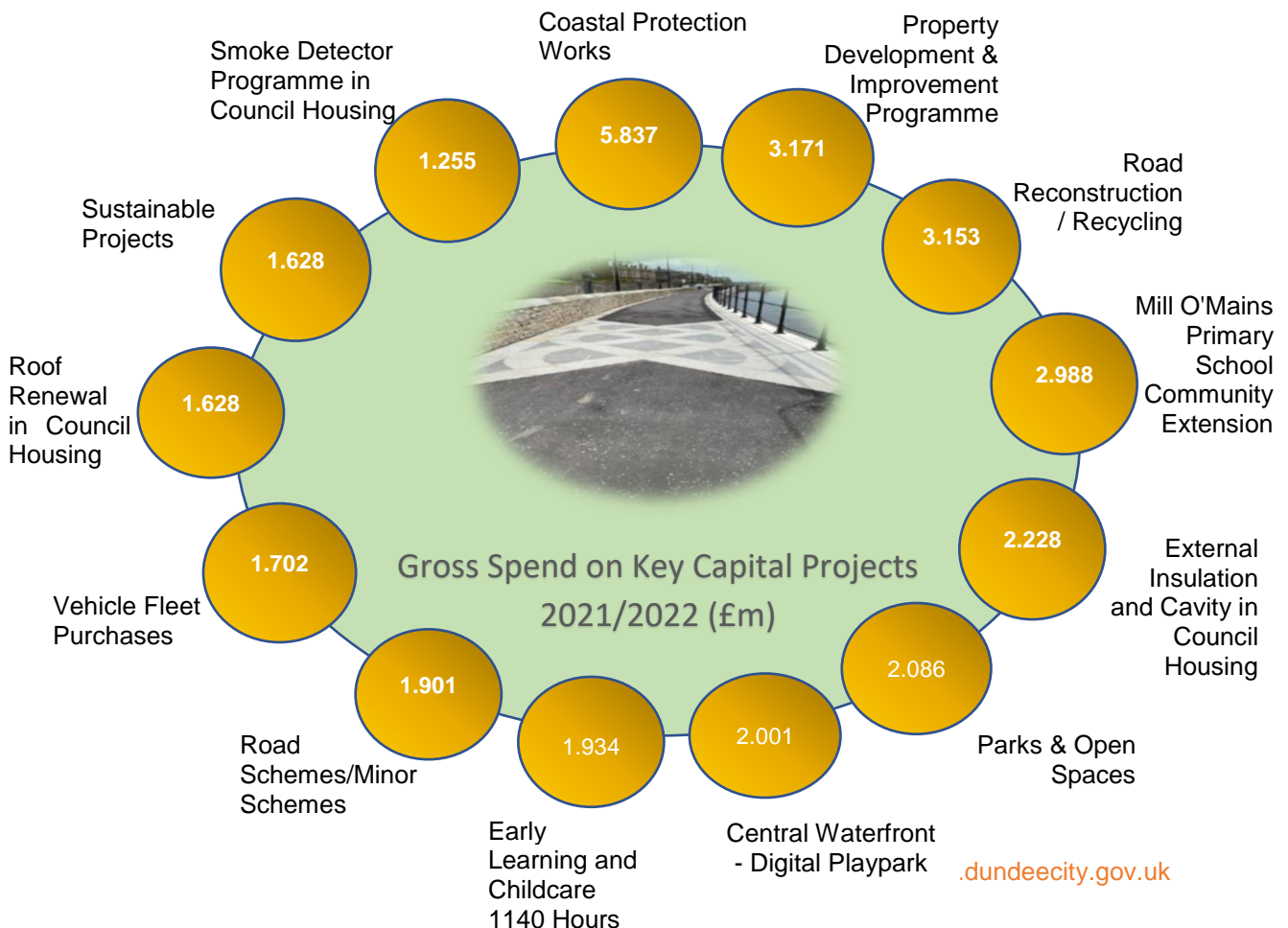
	Budget £m	Actual £m	Variance £m
Gross Capital Expenditure	117.271	57.375	(59.896)
<i>Funded by:</i>			
Borrowing	73.443	33.115	(40.328)
Capital Grants & Receipts	36.378	22.214	(14.164)
CFCR	0.450	2.046	1.596
Slippage Allowance	7.000	0.000	(7.000)
	<b>117.271</b>	<b>57.375</b>	<b>(59.896)</b>

The main elements of slippage in the 2021/2022 capital programme were as follows:

Project	Budget £000	Actual £000	Underspend £000	Explanation
Central Waterfront Site 6	964	0	964	Report 190-2021 to Policy and Resources Committee on 21st June 2021, provided an update on Site 6 projects, and sought approval for new projects for this site.
Young Persons House (Fairbairn Street Replacement)	1,050	237	813	The scoping of the project and technical design has been affected by the Covid pandemic, however the project is now progressing and is at design stage. The budget has been re-profiled in the approved Capital Plan 2022-27
Low Carbon Initiative - Hydrogen	7,447	-	7,447	The expenditure is to support the production and delivery of Hydrogen Buses and the construction of a Hydrogen Refuelling Station. The Council are now in discussions with partners about how to progress this initiative and the budget has been re-profiled to reflect latest timescales.
Sustainable Transport & Infrastructure	2,687	74	2,613	This budget is being used as match and seed funding to external funding applications. The grant application process has been significantly delayed by the Covid pandemic.
Leisure and Culture Dundee Projects	1,300	0	1,300	Partly as a result of Covid-19 and other service priorities, the design development of the works involved are not as advanced as previously anticipated. The programme of works has been reviewed and the budget re profiled based on when the works now can take place.
Coastal Protection Works	7,024	5,838	1,186	The project timescales were reviewed to take account of delays with the Integrated Catchment Study and National Flood Risk Management prioritisation process.
Vehicle Fleet & Infrastructure	3,159	1,714	1,445	The global shortage of components is impacting on the lead in times for delivery of vehicles, plant and machinery. The budget has been carried forward to

Project	Budget £000	Actual £000	Underspend £000	Explanation
				2022/23 when it is anticipated that vehicles etc will be delivered.
Property Development & Improvement Programme	7,695	3,171	4,524	The scoping of the various projects and technical design has been affected by the Covid pandemic, however the various projects are now progressing. The budgets have been updated and re-profiled to future years.
Free from Serious Disrepair	7,264	3,185	4,079	The windows and roofing programmes were reviewed during 2021/2022 and the programme profile updated to reflect slippage due to the impact of Covid-19 and challenges across the sector sourcing materials delaying the overall programme. The External Insulation and Cavity Fill programme has been delayed due to the impact of Covid-19.
Energy Efficient	10,260	3,484	6,776	In addition, the revised installation standards which changed from 01 July 2021 (PAS 2030:19 PAS 2035) affected programmes causing further delays.
Healthy, Safe and Secure	4,336	3,034	1,302	Multi Storey Development Improvements have been re-profiled into future years following a review of the proposed programmes across developments.
Increased Supply of Council Housing	13,120	1,040	12,080	There was slippage in the New Build Programme mainly due to the additional gross investment required to increase the supply and delivery of additional units of affordable housing. There was also an underspend in expenditure for the Whitfield new build development. This has been delayed due to technical issues, design development, statutory constraints etc

In-year gross spend on key projects in the capital programme was as follows:



## Capital Funding / Treasury Management

In terms of the funding of capital expenditure, borrowing has the effect of increasing the Council's overall indebtedness and the level of principal repayments and loan interest charges each year. Capital expenditure met directly from revenue resources (CFCR) increases total net revenue expenditure in that particular year but does not result in an increase in overall indebtedness. The Council uses these methods of funding capital expenditure as part of its long- and short-term capital financing strategy. The Council has several sources available to it in terms of borrowing to fund capital expenditure. The most significant of these is the Debt Management Office (an Executive Agency of HM Treasury), although the Council can also issue bonds and borrow from the money markets and the European Investment Bank. During 2021/2022 the Council's Capital Financing Requirement (CFR) increased by £27.8m, from £748.8m to £776.6m. The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed in future years by charges against revenue. The figure includes outstanding financing liabilities under the Schools PPP, DBFM and Waste Project contracts, together with the sale and lease-back arrangement for Dundee House (financing arrangement). The Council manages its CFR level in line with the requirements of the Prudential Code. The Council's external debt was £711.4m at 31 March 2022 (£682.8m at 31 March 2021). The fact that this is below the CFR confirms the Council is not borrowing for revenue purposes and is partly funding its capital expenditure from existing resources.

In terms of treasury management, the Treasury Policy Statement sets out the policies and objectives of the Council's Treasury Management activities and the practices to be used to achieve these. There is a separate Treasury Management Risk Register which identifies the risks associated with Treasury Management Activity as well as the measures taken to minimise or mitigate these risks where possible. Whilst these risks are continuously monitored, the Risk Register is presented to the Policy & Resources Committee on a six-monthly basis (in conjunction with Treasury Activity Reporting), and maintained within the Council's Risk Management system. The Treasury Management Strategy Statement and Annual Investment Strategy for 2021/2022, required by the Council's Treasury Policy Statement and the CIPFA Code of Practice on Treasury Management, stated that the 2021/2022 Revenue Budget had been set to include a provision of £21.201m for Capital Financing Costs, based on an average Loans Fund Interest rate of 3.5%. It identified a new net borrowing requirement in 2021/2022 of £56m which would be funded through phased borrowing during the year. During the financial year, long-term borrowing of £30m was undertaken, including repayments of existing loans totalling £9.6m. This net borrowing was low due to more use of short term borrowing and slippage within the capital programme. These loans had an average interest rate of 1.72% and an average term of 49.7 years.

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (the 2016 Regulations) came into force on 1 April 2016. These regulations changed the basis on which the Loans Fund is accounted for from a prescriptive basis on how repayment values are to be calculated, to a prudent one with each Local Authority now provided with the ability to determine what is prudent. These changes in regulations have brought in more flexibility for Authorities to apply a prudent provision and support changes to future payments to repay the outstanding loans fund advances over a different period, if it can be considered as prudent to do so.

## Pension Liability (International Accounting Standard 19)

Under International Accounting Standard 19 (Employee Benefits) the Council is required to include figures in its Annual Accounts relating to the assets, liabilities, income and expenditure of the pension scheme for its employees. It has been estimated that the Council had a net pension liability of £66.9m as at 31 March 2022 (£135.1m at 31 March 2021). The decrease in the liability was due mainly to actuarial gains, in particular remeasurement gains arising from actuarial returns on plan assets and changes in financial assumptions.

## Material Assets, Liabilities, Charges and Credits

There were no material transactions in relation to assets, liabilities, charges or credits outwith the normal scale of activities of the Council during the 2021/2022 financial year, other than those already separately disclosed in the Accounts.

## Accounting Policies (see note 1 to the Core Annual Accounts)

The Accounting Policies set out the basis upon which the Annual Accounts have been prepared, and explain the accounting treatment of both general and specific items. There were no significant changes in the accounting policies shown in note 1 during 2021/2022. CIPFA LASAAC has advised that the implementation



of IFRS 16 Leases had again been deferred and will now come into the Accounting Code of Practice for 2024/2025 with a transition date of 1 April 2024, although earlier adoption will be possible.

### Pension Fund Accounts

Dundee City Council is the administering authority for the Tayside Pension Fund. Further information can be found in the Tayside Pension Fund's Annual Report and Accounts which is available from the Fund's [website](#).

### Financial Indicators

The following financial indicators are intended to support interpretation of the Annual Accounts and the Council's financial position and performance. They present a picture of the financial sustainability and affordability of the Council's financial plans. They also indicate how effective financial management is within the Council.

Category / Financial Indicator	2021/2022	2020/2021
<i>Reserves</i>		
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	2.7%	2.1%
Movement in the Uncommitted General Fund Balance	+£1.727m	+£0.054m
<i>Council Tax</i>		
In-year collection rate	95.1%	93.7%
Ratio of Council Tax Income to Overall Level of Funding	14.1%	13.8%
<i>Financial Management</i>		
Actual Outturn Net Service Expenditure compared to Budgeted Net Service Expenditure	96.5%	92.6%
Actual contribution to / (from) Unallocated General Fund Balance compared to Budget	£1.727m	-£0.054m
<i>Debt / Long Term Borrowing</i>		
Capital Financing Requirement for the current year	£776.7m	£748.8m
External Debt Levels for the current year	£711.4m	£682.8m
Ratio of financing costs to net revenue stream – General Services	5.1%	5.1%
Ratio of financing costs to net revenue stream – HRA	34.8%	35.1%
Impact of Capital Investment on Weekly Rents	£0.08	(£0.73)

## PART 3 - KEY DEVELOPMENTS DURING 2021/2022

### Achievements

In the past year, the City Council has again played a key role in Dundee's ongoing response to the Covid-19 pandemic. Millions were paid out in support payments and officers dealt with thousands of calls about grants. Covid funding provided by the Scottish Government has been used to provide emergency financial assistance, to help people access food, fuel and other essentials, and to support wellbeing, including activity to support marginalised groups and community and third sector organisations. Tackling food insecurity has been a particular priority, with the equivalent of millions of meals being provided.

Report 155-2021 Funding for Covid Supports for 2021/2022 to the Policy and Resources Committee on 10 May 2021 set out details of the range of supports provided to citizens at risk financially due to Covid during 2020/2021 and plans to continue support during 2021/2022.

While dealing with the impact of Covid-19, the Council has also continued to introduce and develop services for the most vulnerable - who often, of course, have also been those most impacted by the pandemic. The Council has:

- continued to support people facing fuel poverty, with the launch of the second Fuel Well Programme which again assisted thousands of people over the winter.
- made great progress delivering free period products across schools and communities.
- introduced a new 'Every Dundee Learner Matters' strategy and a range of initiatives to drive further improvements in attainment.
- continued to reduce the cost of the school day and make activities more affordable and inclusive.
- introduced more consistent and targeted support as part of 'Our Promise' to care experienced children and young people, and implemented new initiatives to support vulnerable families including Fast Online Referral Tracking.

- continued to offer The Pause Programme which has seen significant improvements in the lives of women with multiple and complex needs, including access to health services; employment, education and training; engagement with substance misuse services; and safety from domestic abuse.
- developed a new strategy to support young carers and worked with Young Carer Ambassadors to co-produce support which meets the needs of young people with caring roles.

The Council has continued to invest in the city:

- The latest Strategic Housing Investment Plan set out plans to invest over £89 million by 2027, with new homes on 10 sites including additional housing for people with physical and learning disabilities and with mental health issues.
- Investment in improvements to our parks and green spaces has included making play areas more inclusive, and 'Spaces for People' funding has been used to improve footpaths and cycleways and create people-friendly places.
- Two new purpose-built nurseries were opened at Baluniefield and Coldside and a £3 million project was undertaken to provide community facilities for Mill O'Mains in an extension to the local primary school.
- Significant investment was made in digital infrastructure, including free wi-fi at the Waterfront, a cutting edge 5G test bed and an interactive digital play park, as well as completing the cycle hub and urban beach.
- Investments in major projects continue to lead to employment opportunities, apprenticeships, work experience and spend in the local economy, thanks to our Community Benefits approach, while we have also increased employability support.

Much that the Council achieves in Dundee is due to effective partnership working. Examples include:

- Through Covid funding and effective partnership working, women subject to domestic violence have had shorter waiting times for services such as refuge accommodation and outreach support, meaning they can get the support they need quickly rather than have their situation spiral out of control while they wait for services.
- Local employers and the Chamber of Commerce continue to support the Council's campaign to pay the real Living Wage. Accredited employers in Dundee now include Dundee Contemporary Arts and the Science Centre.
- Partners across the city are also working together to make progress on the Rapid Rehousing Transition Plan to tackle homelessness, and have worked together on humanitarian responses to accommodate former locally-employed staff from Afghanistan and unaccompanied asylum-seeking children.
- Partnership efforts to protect children and young people, and keep them safe from harm, were highlighted in a Care Inspectorate report. This said the key strengths of Dundee's approach included committed staff, a collaborative approach, and senior leaders demonstrating effective governance and accountability in their leadership of multi-agency child protection arrangements.
- On climate change, a city-wide partnership came together to celebrate COP26 and ran an imaginative programme to encourage people to find solutions to climate change. The partners are continuing to engage the city in climate action, promote events, share innovation and inspire Dundee on its journey to net zero. Carbon emissions from the Council's own operations have been cut by more than 10% in the past year and almost 50% since the baseline year, and we are continuing to invest in energy efficiency measures, increase electric vehicles and infrastructure, support public transport and active travel, and progress plans for the Low Emission Zone. Three major declarations were signed to demonstrate the Council's commitment to tackling climate change – the Cities Race to Net Zero Pledge, the Edinburgh Declaration and the Glasgow Food and Climate Declaration.
- Reducing drug deaths continues to be a priority. Dundee's Non-Fatal Overdose Rapid Response Team identifies people who have experienced a non-fatal overdose and works intensively to encourage them to engage with treatment and care services. Work is also underway to strengthen efforts to tackle the mental health and wellbeing issues associated with drug use.
- Dundee Food Insecurity Network, supported by the City Council, has brought together nearly 30 independent food projects and been at the forefront of making food available to local people in need - from community-based facilities, by doorstep deliveries and by re-opening community cafes to allow people to access food free or at significantly reduced cost. The Network has now begun to transition away from an emergency response to a longer-term food security model based on participation, cohesion, dignity and sustainability.

Dundee City Council's updated Capital Plan will see £382 million invested in the city over the next five years. Updates to the Plan include:

- Investment in the school estate at the East End Community Campus, Western Gateway Primary School and Harris Academy Extension.
- Office accommodation at the Central Waterfront.
- Investment in Dundee Ice Arena and upgrading at Olympia Leisure Centre and Dundee Contemporary Arts.
- Investment in property improvement, road reconstructions, road safety measures, street lighting renewal, improvements to footpaths and bridges, vehicle replacement, and updated computer equipment and software.

The Council's updated Housing Capital Plan is focused on maintaining the stock at the Scottish Housing Quality Standard; delivering energy efficiency projects; and increasing the supply of new build Council Housing to meet need, as well as continuing to focus on tenant safety, including fire safety improvements and gas servicing.

Looking ahead, during the coming year:

- The Council will be developing the Community Wealth Building approach to ensure that local people benefit from the wealth generated in the city. We will work with the other 'anchor institutions' in Dundee to use the levers we have to keep wealth in the local economy.
- A new Council Plan will be developed and, with partners, we will refresh and update the City Plan, our Local Outcome Improvement Plan. This will be informed by the results of the Engage Dundee survey about what matters to local people, which will also shape our local community plans and participatory budgeting projects.
- Ambitious projects like the Eden Project and the e-Sports Arena will be progressed, and the Council will work with partners including the University of Dundee and Scottish Enterprise on plans for a new Life Sciences Innovation District.

### **Welfare Reform**

The Council continues to respond proactively and positively to the many challenges presented by welfare reform. Since Universal Credit (UC) Live Service was introduced in Dundee in November 2015 and migration to Full Service occurred on 8 November 2017 the demand for new claim support and digital support for customers has continued to be a significant factor affecting both Council Advice Services and rent arrears levels. Throughout 2021/2022 mitigation in the form of assistance to make and manage a UC Full Service claim online was no longer provided by way of drop-in or face to face services. However advice teams in Council Advice Services, CAB and Brooksbank continued to provide telephone and appointment based services (where necessary) to assist UC customers. Personal Budgeting Support was also limited but in mid 2022 as services have begun to open up again, supports provided by services such as Connect are being readied to be re-established in communities.

Council Advice Services (incorporating Welfare Rights, Dundee Money Action, Connect, Scottish Welfare Fund and DEEAP) continue to offer advice and assistance to those affected by Welfare Reform and the recent cost of living crisis. The Council's Single Point of Contact continued to address welfare reform and debt issues from the public via its dedicated email address and single access point number (01382 431188). Food and medicine support continued throughout the pandemic via the national and local helplines and fuel support was added through the Fuel Well Dundee 2 scheme in an effort to mitigate against the increasing cost of living experienced by Dundee citizens as a result of the increase in the Fuel Cap and recent inflationary increases. Council Advice Services and Customer Services worked with partners across the Council and beyond to support those struggling with food, medicine and fuel requirements as well as those facing financial crises as a result of the pandemic. Pandemic related support in relation to Self Isolation Support Grants has led to 6236 successfully processed grants totalling £3.12 million being paid to those in low paid work who were self isolating and unable to work because of a Covid diagnosis. Council joint working has also continued to promote income maximisation support for citizens of Dundee. Referrals from Corporate Debt and Benefit Delivery Team for income maximisation have continued in an effort to promote a continuous improvement model of working. In 2021/2022 Council Advice Services successfully claimed £8.3m (provisional figure) in benefits and additional income for customers. In addition, £0.5m was distributed to 4088 families struggling with energy costs via the Fuel Well Dundee 2 scheme in winter 2021/2022. A holistic approach to advice via Fuel Well Dundee meant that households received access to fuel top-ups, mental health information and advice, warm school clothing as well as benefit checks and access to money advice and employability services. It is also the plan to increase the take-up of the Warm Homes Discount scheme in 2022/23 as a result of the data gathered from Fuel Well 2.

The GP practice co-located Welfare Rights Officer service has recently increased its reach and as a result is now available to 72,989 patients in 10 GP practices across Dundee. In addition, the Maternity and Health Visitor referral service has been rolled out to all new mothers in Dundee. Our health-based locations and initiatives, although closed to advisers during 2021/2022, still generated over £3 million in benefit gains for patients. Representation at appeal tribunals, having tripled in the 2 years up to April 2018, have sharply declined between 2018-2022 due in large part to Welfare Rights Officers having consensual access to medical records within our co-located surgery locations as well as the reduction in hearings due to the pandemic.

Partnership working continues with Social Security Scotland to promote the new and forthcoming devolved benefits such as Best Start Grant, Carer's Assistance and Funeral Expense Assistance. We have also successfully worked with Social Security Scotland in relation to the piloting of the 2 new devolved benefits Child Disability Payment and Adult Disability Payment. Dundee was one of 3 Scottish Local Authority pilot areas for the rollout of these benefits which started with Child Disability Payment on 26 July 2021. Newer models of working such as Macmillan benefit advisers working in partnership with oncology wards had been suspended during the pandemic but remote working between professionals was still in place. We have recently received notice that Ninewells based advice services will restart in summer 2022.

### **Integration of Health and Social Care**

Dundee City Integration Joint Board (DCIJB) became responsible for the strategic planning, operational management and oversight of delegated health and social care services with effect from 1st April 2016 under the Public Bodies (Joint Working) (Scotland) Act 2014. The Board consists of six voting members appointed in equal number by NHS Tayside and Dundee City Council with a number of representative members who are drawn from the third sector, staff, carers and service users. The relationship between DCIJB, NHS Tayside and Dundee City Council is set out within the Integration Scheme for Dundee. The Chief Officer of the DCIJB is an integral part of Dundee City Council's Management Team and the Board also receives professional financial advice through its Chief Finance Officer. Over the course of 2021/2022, the Integration Scheme was revised in line with Scottish Government requirements with an amended scheme in place from 2022/2023 onwards.

Dundee Health and Social Care Partnership (DHSCP) is the integrated operational delivery service responsible for the implementation of the DCIJB's Strategic and Commissioning Plan which was reviewed during the financial year with DCIJB agreeing to extend the current plan by an extra year to 31st March 2023 given the impact of the Covid-19 pandemic. Over the course of 2021/2022, DHSCP services continued to be at the forefront of the Covid-19 response through providing responses to Covid-positive people in the community, both within their own homes and within residential settings such as care homes and ensuring essential care and support services were able to run effectively through the disruption of the pandemic. DHSCP services, including services provided by the private and third sector continued to be financially supported throughout the pandemic by significant additional funding from the Scottish Government through Covid-19 mobilisation plan funding. Through the use of reserves, this funding will also support the DHSCP's continued additional Covid-19 costs and remobilisation and recovery plan into 2022/2023. This will see continued support required for particular service user groups and service response to those needs as well as dealing with increased rehabilitation for those impacted by Covid-19 through the development of new services. The DHSCP will continue to focus on delivering the IJB's strategic priorities through re-shaping community based health and social care services with the pandemic response seeing change for some services happening quicker than originally planned.

The Dundee Health and Social Care Integration Joint Board is a key part of the Dundee Partnership and continued close working with Children and Families Services and other council services is crucial to delivering better outcomes for the people of Dundee particularly in relation to tackling the impact of the city's substance use and increasing mental health problems.

### **Our People**

The current Our People and Workforce Strategy was agreed by the Policy & Resources Committee. The strategy is in its second iteration and built on the previous Our People Strategy 2016-18. The strategy supported the Council's ambitious direction for the transformation of our workforce which was aligned with all other Council plans and strategies.

Some of the key benefits of Our People Strategy realised 2021/2022 are:

- Improved employee engagement – pulse well-being surveys
- Greater measurement, availability and transparency of workforce data
- Agility, flexibility and responsiveness of our workforce
- Increased opportunities for our workforce to develop
- Better outcomes for Modern Apprentices and – increased % recruited in 2021

- Internal graduate career progression
- New leadership programmes e.g. Leading Team Dundee
- Digital skills

The Council's strategic approach to our workforce has brought many advantages in responding to the Covid crisis, most notably the ability to deploy employees more flexibly to critical roles and support large numbers of workers into agile working. In addition, we have continued to build on the Wellbeing Support Service and 'networks of change' across service and organisational structures. New service models have been accelerated and lay good foundations for organisational and workforce transformation as we move to the new future of how we carry out our work. New digital and communication and learning platforms have been embraced, although wider upskilling of our workforce needs to be further enhanced.

The action plan associated with the current Our People and Workforce Strategy 2021/22 has been largely achieved however some actions have been superseded by the way our workforce responded to the Covid pandemic, the emergence of digital tools, new working practices and innovative approaches; and audit recommendations. Workforce plans for each service are in place and will form much of the workforce transformation moving forward. Hybrid ways of deploying workforce roles has emerged as a priority 2021/2022 as workforce planning becomes central to future service design and workforce change.

In terms of next steps, we will be an employer of choice. People will be attracted to work with us, be ambitious to be developed and stay with us because they have the best experience to grow; resulting in improved outcomes by providing professional, efficient and customer focussed services. In essence our vision is to continuously improve service delivery and to support and enable initiatives which make Council Services more accessible, more convenient, more operationally effective and cost effective. The 2022-27 People Strategy is being drafted.

### **Awards**

During 2021/2022, the Council and its partners were recognised nationally for some outstanding achievements and innovations:

- The Scottish Public Service Award for Policy into Practice was won by the Housing service for its development of a new Domestic Abuse Policy, in partnership with Dundee Violence Against Women Partnership and women with lived experience.
- Dundee's Non-Fatal Overdose Rapid Response Team won 'Best Team' in the COSLA Excellence Awards for a partnership initiative which identifies people who have experienced a non-fatal overdose and works intensively to encourage them to engage with treatment and care services.
- The Dundee campaign to encourage employers to pay the real Living Wage won the 'Places Champion Award' in the Living Wage Foundation Awards. Over 18,000 workers in Dundee now receive the real Living Wage, significantly above the legal minimum wage, with over 90 employers accredited.

### **Sickness Absence**

The Council's sickness absence figures for LGE and teaching staff, expressed as an average number of days per employee, are as follows:

2019/2020	11.81 days
2020/2021	10.39 days
2021/2022	12.14 days

A key challenge for Council Services is improving employee attendance including ensuring our commitment to the agreed Health and Wellbeing - Promoting Attendance Policy. Services are provided with a detailed toolkit each month allowing analysis to be undertaken on each absent employee. Managers are also encouraged to attend development sessions to ensure the approach to managing absence takes cognisance of mental health issues. There is a group looking at attendance management with an action plan in place. Our Health and Safety Team continues to have a focus on well-being in services and in response to Covid-19. Our Health and Wellbeing Framework remains a focus, creating a safe and healthy working environment and culture, develop resilience within our workforce, to improve physical, mental and emotional wellbeing, to encourage employees to develop and maintain a healthy lifestyle, to support employees with health issues to maintain attendance at work.

### **Climate Change and Sustainability**

The Climate Change (Scotland) Act 2009 places duties on the Council requiring it contribute to carbon emissions reduction targets; contribute to climate change adaptation; and to act sustainably. The 2017-2022

Council Plan details priorities directly related to climate change and sustainability, including delivery of a significant reduction in CO2 emissions and a target to reduce energy consumption within the Council's estate.

In June 2019, the Council's Policy and Resources Committee recognised the serious and accelerating environmental, social and economic challenges faced by climate change and declared a climate emergency. To respond to this challenge, Committee agreed a science-based target of working towards net-zero greenhouse gas emissions by 2045 or sooner for Dundee and committed to bring forward a partnership Climate Action Plan.

The Climate Action Plan, published in November 2019 was the culmination of collaborative work, led by the Council and co-designed with public, private and community organisations, recognising the fact that a concerted city-wide effort is required to reduce emissions. The Plan was informed by a Baseline Emissions Inventory, Climate Risk & Vulnerability Assessment, statutory Strategic Environmental Assessment, partnership workshops and public consultation. It includes four themes of Energy, Transport, Waste and Resilience with each theme including an initial set of 64 ambitious actions in a long-term pathway to reduce emissions or adapt to a changing climate, taking into account existing projects, stakeholder priorities and national initiatives. Since the plan was published, the Council has led a collaborative process to implement actions and model the city's emissions to gain a better understanding of how actions are contributing to the target, as well as designing new actions to close the gap to net-zero.

The Dundee Climate Leadership Group was established to provide active leadership on Dundee's net-zero challenge, leveraging expertise from across the city in order to engage and inspire collective ownership and a shared commitment to tackling climate change.

During November 2021, the Council led a city-wide partnership to celebrate COP26 and raise awareness of climate action and the need to transition to net zero. The six-week programme, with over 30 local partners, used varied and imaginative methods to engage, educate and encourage people to find solutions to climate change. To ensure a local legacy, partners have come together as the Sustainable Dundee Network.

Over the last year, the Council has strengthened its Sustainability and Climate Change Team enabling progress to be accelerated and support for the city-wide approach to Dundee's transition to net-zero. Climate Literacy training was made available to all staff and work is underway to prepare the Council's own Net Zero Transition Plan and implement a community Climate Fund based on participatory budgeting.

Climate change reporting is now mandatory across the public sector in Scotland, reflecting the expectation that the public sector will lead by example in tackling climate change. The introduction of a new standard reporting regime aims to improve the quality of climate change information being reported and ensure that a consistent approach is adopted across the public sector in Scotland. Required reporting focusses on corporate emissions arising from organisational operations and service delivery, as well as key information on: Organisational Profile; Governance, Management and Strategy; Adaptation; Procurement; and Validation.

The Council's latest Public Bodies Climate Change Duties (PBCCD) Report is available to view [here](#).

### **Brexit**

During 2021/2022, elected members and the Council Management Team continued to receive briefings and reports about the latest developments regarding the UK's departure from the EU.

Work was carried out within the Council, and with partners, to deal with the consequences of Brexit for the Council and the city. This was co-ordinated by an officers' Brexit Advisory Team which met regularly to consider the risks, take any mitigating actions, and focus on seeking any opportunities. Officers on this team were also members of other key groups such as COSLA Brexit co-ordinators, East of Scotland European Consortium (ESEC) and the Scottish Local Authorities' Economic Development (SLAED) Group. This involvement enabled the Council to gather further intelligence on impacts and mitigations, lobby central government in respect of replacement funding and seek participation in European programmes.

Following an audit of the Council's activities in this area, an overarching post-Brexit Strategy and Roadmap was developed and agreed by Policy & Resources Committee to guide the Council's work going forward. The priority areas in the Strategy and Roadmap are:

- Economic and financial: monitoring impact on local businesses and jobs, supporting businesses in mitigating challenges, assess impact on Council budgets, monitor developments with replacements for EU funding, lobbying strategies, pursuing participation in remaining European funding opportunities
- Procurement/ supply of goods and materials: monitoring and managing supply chain challenges, monitor contracts and supplier resilience, assess impact of changes in Customs documentation, tariffs and VAT

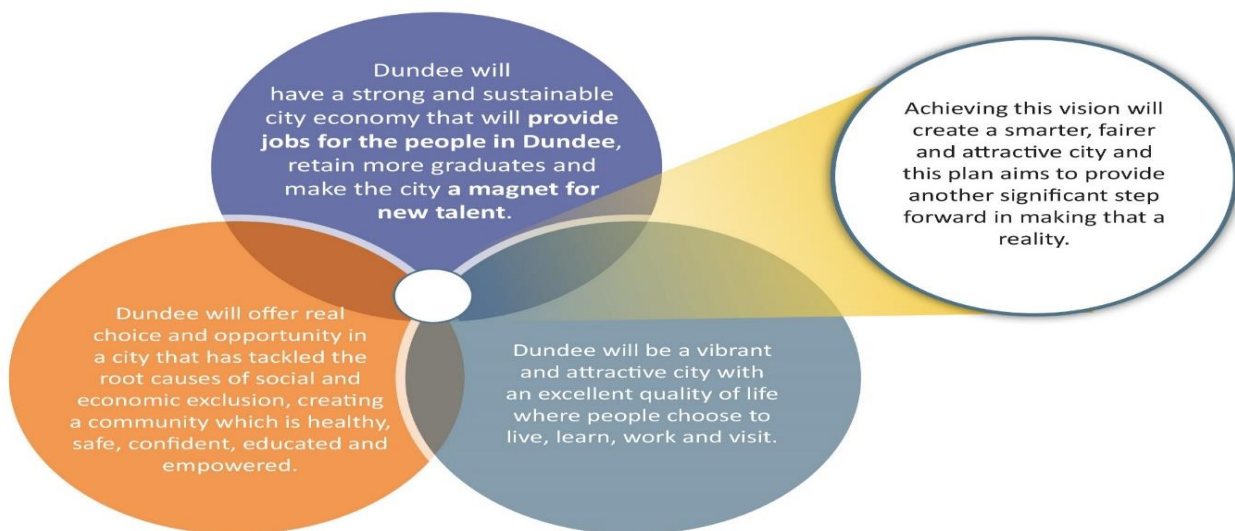
- Regulatory changes: monitor and liaise with officers on any resultant regulatory changes, or divergence from EU data standards
- Workforce: monitor impact of any reduction in EU workers on workforce planning
- EU citizens: post-Brexit communications strategy and EU Settlement Scheme applications support, monitor impact of developments on EU citizens without settled status
- Consequences of new relationship with EU: monitor emerging issues e.g. food or fuel supplies
- Opportunities: replacement for EU funding, marketing Dundee as a staycation and tourist destination, lobbying for new civil service jobs in Dundee relating to new trade and custom arrangements, considering how long-term workless people could fill shortages linked to reduction in EU migrant labour, supporting businesses who trade primarily in the domestic economy and monitoring developments around business subsidies in the absence of EU State Aid restrictions.

In addition to development of the Strategy and Roadmap, the updating and monitoring of the Council's Brexit Risk Register was formalised, and it was expanded to include monitoring of progress on realising any opportunities.

## PART 4 - PLANS, PRIORITIES & RISKS

### Strategic Planning

The Dundee Partnership has held true to a longstanding vision for the city, framed around jobs, social inclusion and quality of life.



The City Plan for Dundee 2017-26 (Dundee's Local Outcome Improvement Plan) built on the work that was undertaken through the collective efforts of our communities, private, public and third sector partners. The City Plan was created after listening to the people of the city, and focuses on key priorities such as tackling poverty and inequality, increasing job opportunities, improving the lives of our young people, addressing health problems and creating stronger, safer communities. A huge amount of work has already been done by the Council and our partners to harness the city's potential, but more lies ahead so our shared vision of a smarter, fairer, more vibrant and attractive city can become a reality.

The Council Plan for 2017- 2022 (our Corporate Plan) set out how the Council will play its part in achieving the vision set out in the City Plan. The Plan sets out the main priorities and actions– including scorecards to measure progress. The Council Plan was informed by the consultation with partners on the City Plan, the Engage Dundee Process and consultation with employees. A new Council Plan for 2022 - 2027 will be prepared following the 2022 local government election to take account of the democratic process.

The Council's Transformation Programme, Changing for the Future is completing its 5th phase, known as C2022. This runs from 2018 to 2022, during which time the pandemic in one sense delayed progress but in other saw a rapid deployment of home and mobile working and demonstrated the speed at which decisions can be made and deployed. The current programme is closely aligned to key plans and corporate strategies including, but not limited to: the City Plan 2017-2026, the Council Plan 2017-2022, short, medium and long-term Financial Strategy (Revenue and Capital), Our People Strategy, Digital & IT Strategies and the Tay Cities Deal. A new programme is being developed by a Transformation Board chaired by the Chief Executive and supported by a change fund to enable projects to be resources to deliver at pace. The board have already

adopted Prince 2 as a recognised approach to managing the transformation projects and also adopted Service Design as its approach to reviewing services as part of the programme.

The Council also recognises that there is still a way to go to change the social and economic challenges facing the City and have never shied away from the challenges around deprivation and inequality, our strategic plans set out how the Council would deliver a step change in prosperity and fairness over the next decade. The Council has further underpinned its commitment to Social Inclusion through the Fairness and Drugs Commissions, and is addressing the Climate Change Emergency through a new Climate Leadership Group, Sustainable Dundee and the Strategic Energy and Climate Change Action Plan.

The Annual Progress Report on the Council Plan and City Plan was presented to the Policy and Resources Committee on 23 August 2021. It showed significant progress was made, but since 31 March 2021 many of our priorities and targets was adversely impacted by the Covid-19 pandemic and subsequent lockdown. A full review of our strategic plans will be required for 2022 - 2027 period and will address Covid social and economic recovery. An update report on the Covid-19 recovery plan was presented to the Policy and Resources Committee 10 May 2021.

All strategic Services Areas of Dundee City Council developed a new three-year service plan for 2021-2024 and submitted these to their respective Committees.

### **Management of Risk**

As with the 2020/2021 financial year, Covid-19 was the biggest challenge faced by the Council during 2021/22, with new variants developing with different levels of transmissibility and impact. For example, the dominant Omicron variant, while more infectious, appeared less serious in its effects and this resulted in seeking to 'live with Covid-19'. The vaccination programme undoubtedly assisted. The Council's Covid-19 Recovery Risk Register (C19RRR) continued to be referenced by the Council's Incident Management Team, but C19RRR was eventually wound down and these risks considered as mainstream going forward. There does, of course, remain potential for further waves of Covid-19 and for a resurgence of more serious variants. However, the Council continues to be well placed to respond to this risk, given experience gained in recent times.

Risk management processes are now embedded across all Service areas and there is ongoing use of Pentana, the Council's risk and performance management system, for review and monitoring purposes. The Corporate Risk Management Working Group, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk, has continued to meet virtually on a quarterly basis throughout the past year, and risk management continues to be reported to the Council Management Team (CMT), Policy and Resources Committee and Scrutiny Committee in line with the Council's Risk Management Policy and Strategy. Risk is taken into account in decision making and development of strategy, and the Council's Corporate Risk Register is reviewed quarterly by the CMT. The most recent Risk Management Annual Report was presented to the Council's Policy and Resources Committee on 21 February 2022 and the Scrutiny Committee on 27 April 2022, and included a full review of the Council's Corporate Risk Register. The review referenced the Service level risk registers and the C19RRR, continuing the more holistic and comprehensive approach to risk. Committee minutes, including the content of the Risk Management Annual Report, are available on the Council's website.

A newly developed e-learning package on Risk Management has been launched and is mandatory for all users of the risk module of the Council's Pentana system plus selected others who have specific responsibility in relation to risk. Progress has been made in developing focussed operational level risk registers during the 2021/2022 financial year and this work will continue.

### **Performance**

The Council's Performance Management Framework was updated and approved by the Policy and Resources Committee 8 March 2021. It sets out the framework for our continuous improvement journey. This framework supports continuous improvement and measures delivery of the Council's Vision, Priorities and Outcomes. The Council set challenging targets and measures performance against this for a wide range of services. The new framework establishes a programme of each service developing then reporting on its own service plan to the relevant committee. This is supported by our performance management system which analyses data, tracks progress and summarises actions for improvement.

Regular reporting at City, Corporate and Service level keeps our key stakeholders, including our communities, elected members and partners up to date on our performance. This is key to ensuring informed judgements are made about our services, to support effective decision making and to challenge performance.

The Council Plan 2017- 2022 has 98 Key Performance Indicators (KPIs). A snapshot was taken on 30 September 2021 and reported to the Committee on 22 November 2021 as part of the mid-year progress report.



That showed 52% of the performance indicators improved over the previous year and 55% reaching the 2020 target set in 2017 and 60% improved over the baseline set in the plan in 2017.

The City Plan 2017-2026 has 70 Key Performance Indicators (KPIs) with targets up to 2027. A snapshot was taken on 30 September 2021 and reported to Committee in the joint mid-year progress report 22 November 2021. The report showed 47 (65%) improved since the 2017 baseline. These include improvements in measures relating to services for looked after children, tourism, the numbers participating in drug and alcohol recovery groups, reduced reconviction rates, reduced fire related casualties, and high levels of citizen satisfaction with a range of 'quality of life' issues in communities including influencing decisions, in light of the climate emergency, the reduction in CO2 emissions in Dundee surpassing the 2020 target.

The fourth annual report was presented to Policy and Resources Committee on 23 August 2021 and thereafter to the Scrutiny Committee for further consideration of performance. This report combined both Council and City Plans to allow all elected members to read an integrated report on progress. The Dundee Health and Social Care Partnership and Leisure and Culture Dundee have updates included in our annual progress report too.

Benchmarking is also used to compare the Council's performance with other organisations to support the improvement journey. The Local Government Benchmarking Framework (LGBF) provides performance data for all 32 local authorities in Scotland and is now in its tenth year. It therefore provides valuable trend-based insights as well as robust comparisons. It provides a comparison of 96 performance indicators across all strategic service areas. For most of the services covered by the framework there is a measure of efficiency/productivity (cost per output), service outcome and customer satisfaction.

The Council Plan 2017 – 2022 includes a target for the Council to finish in the top half of performances of its peer authorities (Family Group) for 55% of the Local Government Benchmarking Framework indicators. In 2020/2021, using the LGBF data at the time of writing, the Council obtained an overall performance rate of 50% which is a slight increase compared to the previous year's performance of 47%. Two strategic service areas have already exceeded this target. These services are Neighbourhood Services (56%), and City Development (55%). Performance across all strategic service areas is displayed in the table below:

Strategic Service Area	Top Half	Total Measures	%
Children and Families	14	32	44%
Health and Social Care Partnership	2	11	18%
Neighbourhood Services	10	17	59%
City Development	16	22	72%
Culture and Leisure	3	6	50%
Corporate Services	6	13	46%
<b>TOTAL</b>	<b>51</b>	<b>101</b>	<b>50%</b>

\*The table above is based on all the indicators including where the latest data is from an earlier year and Dundee is within 1% of the family group mid-point.

Dundee Performs on the Council's website is kept up to date with the latest performance and progress reports on the Council and includes easy to use graphs on a wide range of the key performance areas and benchmarking data to compare Dundee with the other Councils in Scotland.

### Progress implementing the Best Value review

During 2020, a Best Value Review of Dundee City Council was undertaken. The findings and Improvement Action Plan were considered by the Council on 16 November 2020 (report 248-2020). Since then, there were two progress reports to the Policy and Resources Committee, on 26 April 2021 and 22 November 2021.

Despite the ongoing challenges of the pandemic, these reports showed good progress. As at November 2021, 25 out of the 33 actions (76%) had either been completed or were on target for completion by the original due date.

Notable achievements included:

- Three-year service plans were approved at Service Committees during June 2021, and the first performance reports in relation to these plans were presented at Committees from November 2021. These also incorporated Covid recovery actions.
- A standardised business case template has been developed to ensure the Council undertakes robust processes consistently when embarking on significant capital projects.

- Significant progress has been made in relation to how the Dundee Partnership manages performance and demonstrates impact on key priorities.
- The Dundee Partnership has also completed an action to clearly set out an outcomes framework which will be integral to the next iteration of the Fairness and Child Poverty Action Plan.
- Frameworks for engagement and consultation with citizens and communities have been approved by the Dundee Partnership and Council Management Team.

It was necessary to extend the target dates for three actions in relation to workforce planning and asset management, but timescales remained challenging to ensure the commitment to implement the Best Value recommendations within an acceptable timeframe. Five actions in relation to engagement with employees and public protection were noted as being behind schedule, but substantial progress or clear evidence that the areas concerned were being addressed was noted.

Progress on implementation will continue to be monitored regularly by the Council Management Team, with further updates coming to Committee on a 6-monthly basis during 2022/2023.

## **PART 5 - LOOKING TO THE FUTURE**

### **Impact of the Current Economic Climate – Key Financial Risks and Uncertainties**

A report was submitted to the Policy and Resources Committee on 6 December 2022, advising elected members of the financial outlook following the UK Spending Review announcements and setting out the position on the Council's Revenue Budget for 2022/2023. The report included an updated Long-Term Financial Strategy as follows:

- the Council's corporate approach to identifying savings and efficiencies will be coordinated through the Changing for the Future transformational change programme (C2022) as agreed by Committee on 25 June 2018 (Article V of the minute of meeting of the Policy and Resources Committee of 25 June 2018, Report 223-2018 refers).
- the Organisational Change Fund, together with any capital receipts set aside to fund costs associated with future transformation projects, will help support and resource, on a spend-to-save basis, the organisational transformation that will be needed to deliver the required savings and efficiencies. This may include costs associated with VERs / VRs however, if no balances are available, then the initial costs associated with VERs / VRs will normally be met from service revenue budgets. On-going staff costs savings from VERs / VRs will be reflected in service revenue budgets.
- the Council will set annual balanced budgets, taking on board the prevailing constraints e.g. limits on Council Tax increases, reducing grant settlements, unavailability of balances etc.
- the Council will seek to achieve an overall outturn position each year in line with or below budget.
- the minimum uncommitted element of the General Fund balance will be the lower of £7 million or 2% of budgeted revenue expenditure but, ideally, a higher level will be held for operational purposes.
- services will be expected to operate within the limits of their overall revenue budget allocation. Cost pressures which emerge in-year should, where possible, be accommodated within the relevant service revenue budgets. The General Contingency should normally be used to fund items of a non-recurring or emergency nature. Expenditure of a recurring nature should normally be funded from within service revenue budgets.
- allocation of resources will be informed by a thematic approach designed to reflect the strategic priorities of the Council.
- budget provision will be made for estimated pay awards and, in limited circumstances, for areas of specific price inflation. The costs of incremental progression for staff will be funded from service revenue budgets.
- demographic growth will not be funded given the scale of the financial challenge. All services are expected to redesign services and work in partnership with other bodies to meet the cost of additional pressures.
- the reduction of grant that the Council receives after providing for new responsibilities will be shared by all directly provided and commissioned services, including Health and Social Care, Leisure & Culture Dundee and the Third Sector.

- Council Tax levels are planned to be increased by at least 3% per annum, but annual increases may be higher if allowed under the terms of the local government finance settlement.
- a review of resources within the Council will be undertaken to look at ways to deliver services more efficiently and effectively. Given employee costs currently account for around 65% of the net revenue budget, there is likely to be a significant reduction in the workforce of the Council.
- the Council's Capital Plan will be prudent, sustainable and affordable. In particular, affordability will be assessed with reference to the level of loan charges and additional running costs (including lifecycle maintenance) that can be reasonably included within future revenue budgets.
- the Council's immediate planning horizon for revenue expenditure will be three years and a rolling three-year revenue budget will be prepared annually and submitted to the Policy & Resources Committee as part of the budget approval process. In addition, projections covering a rolling ten-year period will be maintained and submitted, as necessary, to the Policy & Resources Committee.
- proposals for service re-design and service development will be underpinned by a comprehensive and robust business case, including options appraisal.
- the budget deficit associated with Covid-19 will be funded by applying one or more of the financial flexibilities made available by the Scottish Government.

Following the Scottish Government announcements on the 2022/2023 local government finance settlement, a report on the financial implications for the Council was submitted to the Policy and Resources Committee on 24 February 2022. The 2022/2023 Revenue Budget and Council Tax was agreed by the Policy and Resources Committee on 24 February 2022. A three-year Revenue Budget was presented, as part of the Council's continuing commitment to improving medium and longer-term financial planning. The covering budget report identified the following savings requirements over the period 2022 to 2025, based on assumed flat cash grant settlements and no adjustment for the impact of distributional changes within the grant settlement process:

	Cumulative
2022/23	0.7
2023/24	12.1
2024/25	20.8

In setting the 2022/2023 Revenue Budget savings totalling £1.604m were agreed with a review of charges resulting in additional income of £244,000. The Council Tax was increased by 2.9% with Band D at £1,419.03 after agreeing a provision of 3.2% for Council Tax non-collection.

The national response to the Covid-19 epidemic has seen the UK Government incur unprecedented levels of expenditure, both in terms of measures to contain and fight the spread of the virus and to deal with the impact on the economy. The devastating economic impact has seen a record fall in GDP levels, leading to significant reductions in taxation revenues which in turn has necessitated record levels of government borrowing. This position is clearly unsustainable into the medium / longer term, where the resultant level of government debt will require to be addressed and managed down. This will be an enormous challenge for the public finances and is likely to have significant implications for the levels of government grant support that are available to Councils. This will be at a time when vital Council services will be required to deal with the social and economic aftermath of the epidemic, and when other sources of income available to Councils will be under severe pressure.

The Chancellor's UK Spending Review announcements on 25 November 2020 saw Covid-19 related funding for Scotland set at £1.3bn for 2021/2022, compared with the guaranteed minimum amount of £8.2bn in 2020/2021. As part of the Scottish Budget announcements on 28 January 2021, the Cabinet Secretary for Finance advised that local government will be allocated a further £259m of non-recurring Covid-19 funding for 2021/2022. The Council's share of this additional funding is £7.173m. In a budget update statement to the Scottish Parliament on 16 February 2021, the Cabinet Secretary for Finance announced further Covid-related funding of £160 million for Council's in 2021/2022, being £100m for Pandemic Support Payments to Low Income Households and £60m for Education Catch-Up. The Council's share of this additional funding is £3.371m and £1.722m respectively. Within the Council's overall General Fund balance of £60.807m at 31 March 2022, £4.390m has been ear-marked for specific Covid-related service expenditure where funding

received remained unspent. In terms of general Covid-related cost pressures going forward (including lost income streams), £18.000m was ear-marked to cover the period 2022 to 2025. In addition, a sum of £3.000m has been ear-marked to fund Covid recovery measures.

The Scottish Government has made available three funding flexibilities to Councils to help mitigate (or at least defer) the financial impact of Covid-19. These are:

- 1) Capital Receipts Received - dispensation for both 2020/2021 and 2021/2022 through Statutory Guidance to allow Councils to place capital receipts in the Capital Grants and Receipts Unapplied Account and then used to finance Covid expenditure (revenue).
- 2) Credit Arrangements (eg PFI / PPP Schemes) - at present Councils are required by statutory guidance to charge the debt element of service concession arrangements to their accounts over the contract period. A change to the accounting treatment will allow the debt to be repaid over the life of the asset rather than the contract period, applying proper accounting practices. Councils had the flexibility to apply this change in either 2020/2021 or 2021/2022. This approach will apply to all credit arrangements going forward.
- 3) Loans Fund Principal Repayment Holiday - the flexibility being offered was a loans fund repayment holiday which would permit a Council to defer loans fund repayments due to be repaid in either 2020/2021 or 2021/2022 (but not both).

Given the overall budget surplus in 2021/2022, none of these financial flexibilities have yet been implemented by the Council.

The Scottish Government published its 2022 Resource Spending Review on 31 May 2022. The Review outlines the financial challenges facing Scotland, especially in the context of the inflation, the war in Ukraine, Brexit and Covid-19 recovery.

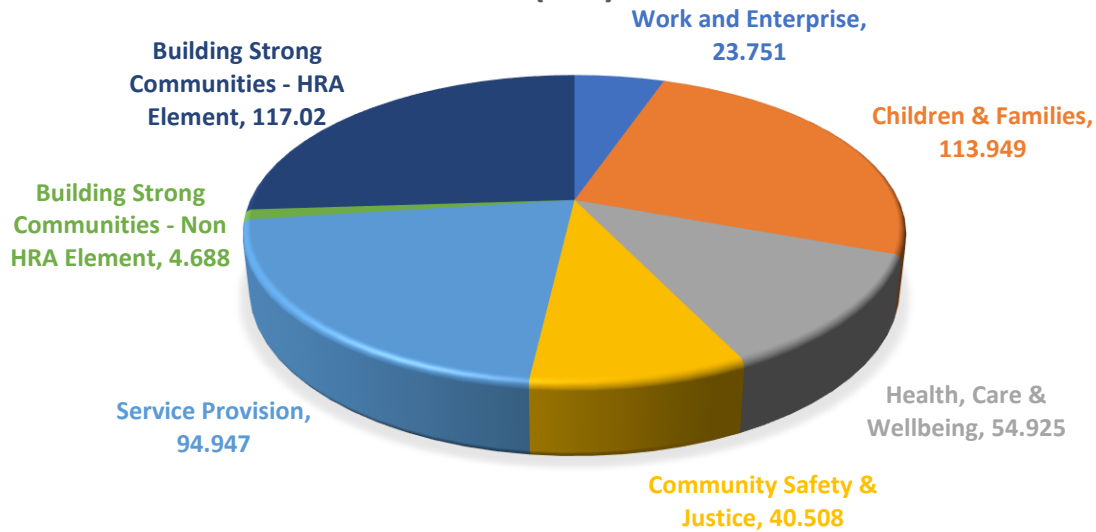
The flat cash projections for Local Government set out in the Review would mean that the Council will require to fund inflation and cost pressures within existing resources. The Council will update medium- and long-term financial plans to reflect this outlook and these will be presented to the Policy and Resources Committee.

The Scottish Government introduced the National Care Service (Scotland) Bill on 20 June 2022. Part 1 of the Bill makes the Scottish Ministers responsible for organising the National Care Service, enables them to establish new public institutions called care boards to comprise the National Care Service and gives the Ministers power to make regulations transferring health and social care functions to the institutions comprising the National Care Service. Whilst consultation will be required before any decision is made on the possible transfer of Children's or Justice Services the impact of the transfer of functions presently delegated to the Integration Joint Board, which account for around a quarter of the Council's budget could have a material impact on the Council and will be the subject of future reports to Committee.

### **Future Developments – Capital Plan**

Despite the problematic macro-economic situation, the Council is confident that it is well placed to tackle the challenges that lie ahead. In January 2022, the Policy & Resources Committee approved a combined five-year Capital Plan for General Services and Housing totalling £382m (excluding £67.6m in later years) over the period 2022 to 2027. In developing the five-year Capital Plan, there has again been a focus on a thematic approach which highlights the Council's strategic priorities.

## PLANNED CAPITAL EXPENDITURE 2022-2027 BY THEME (£M)



Our Capital Plan for 2022-2027 sets out a £382 million building programme for the next five years for General Services & Housing HRA. The Capital Plan 2022-27 programme of works have been updated to reflect the timescales for carrying out works, resulting from the additional health and safety measures required on site to ensure the workforce are protected and stay safe while carrying out their work, in accordance with Scottish Government guidance. The Plan includes new projects which reflect new and existing strategic priorities of the Council. This includes projects such as the creation of a new merged school from the closure of Braeview Academy and Craigie High School, the development of a new primary school within the Western Gateway of the city, Central Waterfront office accommodation to attract further investment and employment within the waterfront area of the city and investment in the Ice Rink facilities, replacing and upgrading plant and services equipment.

The updated HRA Capital Plan is focused on delivering the following priorities: maintaining the housing stock at Scottish Housing Quality Standard (SHQS); delivering energy efficiency projects not only to meet Energy Efficiency Standard in Social Housing (EESH) but with a focus and commitment to meet EESH2 by 2032 and a drive to contribute to the wider national objective in terms of decarbonisation and Scotland overall becoming net zero by 2045. It is also noted that there has been a significant investment to increase the supply of new build Council Housing to meet need within Dundee.

In December 2017, the Policy & Resources Committee approved a ten year Capital Investment Strategy. The strategy is based on the themes identified in the City Plan and identifies the investment required to achieve outcomes over the ten year period. One of the key parts of the overall strategy is the Tay Cities Deal, which underpins many of the projects. The strategy also identifies as key priorities the continuing development of both the school and housing estate across the city.

Inflationary pressure on construction projects, driven by rising costs for fuel, commodities and labour, are leading to significant cost increases. The Council will therefore be reviewing its capital plan, in the context of the City and Council plans.

### CIPFA Financial Management Code

The CIPFA Financial Management Code (FM Code) was issued in October 2019. The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code therefore for the first time sets the standards of financial management for local authorities. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority
- manage financial resilience to meet unforeseen demands on services
- manage unexpected shocks in their financial circumstances.

The first full year of compliance with the FM Code was 2021/2022.

## PART 6 - CONCLUSION & ACKNOWLEDGMENTS

### Conclusion

Throughout 2021/2022 the Council continued to deliver high quality services to the people of Dundee and demonstrated sound governance and prudent financial management. Where pressures emerge, as with services delivered on behalf of the Health and Social Care Partnership, corrective action is taken. This is achieved through effective collaborative working within the Council and across Partnerships. Significant challenges continue to be faced due to the high levels of deprivation in some of our communities, economic and demographic pressures, legislative and regulatory changes, increasing demands and expectations from our communities.

However, these challenges have been further impacted during 2021/2022 due to the continued impacts of the Covid-19 pandemic. Council and partner services across the City had to continue emergency responses during 2021/2022 to respond to this crisis and keep in place supports for many of our citizens. Whilst the Council continues to be ambitious, innovative and committed to delivering the best possible services with the resources it has, the financial and wider impacts of the pandemic are being felt as the City recovers and plans for the future.

### Acknowledgements

We would like to thank Bailie Willie Sawers, the Senior Councillor with responsibility for Finance, all other elected members and officers of the Council for their active support and co-operation in the effective management of the Council's finances during another challenging year. Finally, we would conclude this report by thanking the Corporate Finance Team who contributed to the management and control of the Council's finances and to the finalisation of the Council's 2021/2022 Annual Accounts.



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Executive Director of  
Corporate Services  
Dundee City Council

26 October 2022



**Gregory Colgan BAcc**  
(Hons), ACMA, CGMA  
Chief Executive  
Dundee City Council

26 October 2022



**Councillor John Alexander**  
Leader of the Council  
Dundee City Council

26 October 2022

## ANNUAL GOVERNANCE STATEMENT

### Scope of Responsibility

Dundee City Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right?, Following the Public Pound and Arm's Length External Organisations (ALEOs): are you getting it right?, part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

### The Council's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also describes the way it engages with, accounts to and leads the local community. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision and checking.

The overall control arrangements include:

- Identifying the Council's objectives in the Council Plan, Community Plan and Local Outcomes Improvement Plan (City Plan).
- Monitoring of achievement of those objectives and outcomes by the Council and senior officers.
- A systematic approach to monitoring service performance at Elected Member, senior officer and project level.
- Reporting performance regularly to Council committees.
- Three-year service plans for all service areas. Regular performance reports in relation to the service plans began to be reported to relevant Committees from November 2021.
- Performance Management Framework.
- Clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers, including temporary arrangements during the Covid-19 emergency.
- A Monitoring Officer to ensure compliance with laws and regulations.
- A Scrutiny Committee and individual Service Committees.
- Approved anti-fraud and corruption strategies including "whistle-blowing" arrangements under the Public Interest Disclosure Act 1998.
- Ethical Values Framework.
- A Corporate Integrity Group.
- Corporate Compliance Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.

- Council Leadership Team and each Service's Senior Management Teams.
- Participating in the National Fraud Initiative for sharing and cross-matching data with regular reports to Committee.
- Formal project appraisal techniques and project management disciplines.
- Setting targets to measure financial and service performance.
- Long-term Financial Outlook and Financial Strategy 2020 – 2030.
- Formal revenue and capital budgetary control systems and procedures.
- Clearly defined capital expenditure guidelines.
- A Capital Governance Group consisting of senior officers from across Council services and chaired by the Executive Director of Corporate Services.
- The Council, together with NHS Tayside have established an Integrated Health and Social Care Partnership (HSCP). The HSCP has established a governance structure and an integrated senior management structure to support delivery of its key objectives and outcomes.
- An Our People and Workforce Strategy is in place to support delivery of the Council Plan and its strategic priorities.
- A Risk Management Policy and Strategy, Corporate and Service Risk Registers, Risk Management Improvement Plan, and Covid-19 Recovery Risk Register.
- Corporate Risk Management Working Group, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk.
- Corporate Governance Assurance Statement Group.
- Strategic GDPR (General Data Protection Regulation) Group.
- Data Protection Policy and Data Breach Management Procedure.
- The assurances provided by internal audit through their independent review work of the Council's governance, risk management and control framework.
- Chief Social Work Officer governance arrangements.
- Recovery Plan from Covid-19 emergency for the Council and its Services.

### **Review of Effectiveness**

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and take into account comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2021/2022 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 98% (2020/2021: 97%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 74-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 91% for 2021/2022 (2020/2021: 90%).

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and reports functionally to the Scrutiny Committee. Conformance with the PSIAS has been confirmed independently, through the completion of a formal External Quality Assurance process. Internal Audit undertakes an annual programme of work, which is reported to the Scrutiny Committee. The Acting Senior Manager – Internal Audit provides an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. The overall audit opinion, based on the above, is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2022.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

### **Impact of Coronavirus Pandemic on Corporate Governance**

The Covid-19 emergency has impacted on all areas of society and on all aspects of normal daily life, particularly since the implementation of the first national lock-down in March 2020. These impacts were severe



and are likely to continue until there is a full recovery. All levels of government have acted to support and protect the most vulnerable citizens, local businesses, key suppliers and the third sector during this challenging and unprecedented time. This action seeks to maintain resilience during this crisis and ensure that people and organisations emerge from the crisis in the best possible shape.

#### Conducting the Annual Governance Review during the Coronavirus Pandemic

With significant organisational disruption, including new emergency responsibilities, increased staff absence and also staff working remotely, conducting a review in the normal way has been challenging. The following measures have been used to ensure a meaningful but focused review:

- The annual self-assessment review conducted by each Council Service has been completed and progress will be updated before the final review of the Annual Governance Statement in the Audited Accounts; and
- Using existing reports, reviews and assessments where possible to provide assurance.

#### Reflecting the challenges from Coronavirus in the Annual Governance Statement

The Annual Governance Statement assesses the governance arrangements in place for 2021/2022. The entire financial year was affected by coronavirus and the conclusion on whether or not governance is fit for purpose should reflect normal operations, the Annual Governance Statement is required to reflect the circumstances at the time of publication and therefore, it should be recognised that coronavirus has impacted on governance arrangements since March 2020 and continues to do so up to the time of publication and is expected to continue for some time. As the pandemic progressed into 2021/2022 the impact reduced but the council continued to take steps to ensure adherence to all Scottish Government advice to remain Covid-19 safe for Elected Members, employees, service users and members of the public.

#### Leadership

A corporate level Incident Management Team (IMT) was established at the outset to consider the challenges and the Council's responses, including instigating the corporate level business continuity plan, supported by individual project and service level plans. At the start of the emergency the IMT communicated daily briefing updates to employees but as the situation progressed the frequency of communications to staff reduced accordingly. In addition, service area management team meetings were held regularly with further detailed communications to service employees, including updates on the situation, details of the actions being taken and guidance for safe working practices. Regular briefing meetings were also held with political group leaders to ensure they were kept up to date with the impact and response to the crisis.

In a very short space of time the Council had to move rapidly to support an environment whereby the majority of its staff required to work from home or from alternative premises. In the space of a few days the Council moved from a position where 25% of IT consuming staff worked remotely to having 75% of those working remotely. This remote access has been achieved with no degradation in performance and, crucially, no weakening of security whilst maintaining the same method of operation for staff that they would experience in the office. Having a reliable IT platform which immediately enabled remote working allowed the Council to respond to the new requirements of the Covid response in quickly deploying resources and to be flexible as the situation evolved.

#### Decision Making Processes

The impact of the coronavirus affected the governance arrangements of the Council and its services, and there were some aspects experienced by all service areas, for example changes to the Council's decision-making arrangements and the conduct of meetings, which were introduced in March 2020 following a meeting with senior Elected Members on 19 March 2020.

Alternative governance arrangements for full committee meetings were implemented as soon as practical thereafter, with the introduction of virtual Council committee meetings commencing in June 2020, the first example being the Scrutiny Committee. A return to the full scheduled timetable of committee meetings followed during August 2020. Enhanced transparency has also been achieved by the recording and publishing of Committee meetings on the Council website from 24 August 2020.

#### Local Response and Risk Management Arrangements

Other aspects affected by the coronavirus crisis reflect changes to the organisation's priorities and programmes. These fall into the following broad categories:

- Impact on business as usual in the delivery of services;
- Increased demand for certain Council services such as crisis grants;

- New areas of activity as part of the national response to coronavirus and any related operational and governance issues, e.g. implementation of new policies, processes, procedures and guidance, as well as the provision of emergency assistance such as Business Support Grants, Self-Employed Hardship Fund, Transitional Support Fund for Childcare Providers, Self-Isolation Support Grant, Business Hardship, Low Income Pandemic Payments, and Fuel Support Payments;
- The funding and logistical consequences of delivering the local government response, e.g. changes to decision-making arrangements, new collaborative arrangements, funding and cash flow challenges. In April 2020, a report by the Executive Director of Corporate Services advised Elected Members of the various actions implemented by the Council and the Scottish and UK Governments in response to the ongoing Covid-19 emergency, and set out the associated financial implications [Report 144-2020](#). The financial position around the Council's response to the Covid-19 emergency is being closely and regularly monitored and updated reports on the financial implications as well as the financial recovery plan have been reported to committee in August 2020 ([Report 198-2020](#)), December 2020 ([Report 308-2020](#)), February 2021 ([Report 61-2021](#)), and April 2021 ([Report 120-2021](#)). Since April 2021 the financial position around the Council's response to the Covid-19 emergency has been embedded in monthly revenue monitoring reports to the Policy and Resources Committee. In addition, an update on the overall financial impact for financial year 2021/2022 will be included within the Unaudited Annual Accounts that will be submitted to elected members in June 2022. An internal audit review of arrangements for Covid 19 Funding is underway and any agreed actions will be taken to Scrutiny Committee in due course. Finally, as part of the updated service planning processes services were requested to review those items included within the Covid-19 Recovery Plan that were considered to have an ongoing impact and ensure that actions to address these priorities were reflected in these plans. These plans, together with any subsequent progress updates, have been considered by various committees throughout the past year;
- Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic, e.g. some existing projects and programmes may have been put on hold, new priorities and objectives introduced, new risks identified or existing risks escalated. The Council has formulated a Covid-19 Recovery Risk Register ([Report 193-2020](#)) and a Recovery Plan in August 2020 ([Report 185-2020](#)) with a subsequent progress update reported in May 2021 ([Report 157-2021](#)) and will continue to review and update these regularly in response to changing circumstances;
- A report detailing the Council's response to the Covid-19 emergency was also reported to committee in August 2020 ([Report 189-2020](#)). This report provided an overview of the Council's response to date, demonstrating both the scale and breadth of the work undertaken by staff in collaboration with partners and local communities; and
- The Scrutiny Committee in September 2020 considered three Audit Scotland reports on Covid-19 issues, Covid-19 Guide for Audit and Risk Committees ([Report 213-2020](#)), Covid-19 Emerging Fraud Risks ([Report 214-2020](#)), and Covid-19 Implications for Public Finances in Scotland ([Report 221-2020](#)). The Scrutiny Committee in September 2021 considered the annual Audit Scotland report, Local Government in Scotland Overview for 2020/2021 ([Report 267-2021](#)) which provides an overview of the wider challenges which have been facing councils in tackling the Covid-19 pandemic.

The responses to the pandemic are being continually considered at a Council and regional level. By the time the crisis is over the Council may have conducted or be in the process of reviewing lessons learnt from its response. This review has been added as a suitable area for inclusion as one of the organisation's significant governance issues and has been included as an improvement area.

Dundee City Council is working closely with its partners across the city to deal with the impact of Coronavirus. Officers are monitoring the local situation daily and following the advice given by Scottish Government, UK Government (where appropriate) and NHS public health experts. The Council continues to consider appropriate actions based on the national guidance.

### **Continuous Improvement Agenda**

The Council's progress against the Continuous Improvement Agenda items for 2021/2022 is detailed in table 1. Several items are still in progress and have been carried forward to be actioned in 2022/2023. Additional areas for improvement have also been identified by the Council's Corporate Governance Assurance Statement Group and these are included, along with the areas for improvement carried forward, on table 2 and form the Continuous Improvement Action Plan for 2022/2023. These were identified by Executive Directors and Heads of Services in the self-assessment checklists that were completed as part of the Council's assurance gathering process. The Council's Governance structure is also detailed.

## Group Entities

In respect of the Joint Boards, Joint Committee, Charities and Companies that fall within the Council's group boundary, the review of their governance, risk management and control framework is informed by:

- Annual Governance Statements included in the respective financial statements of the Joint Boards and Tayside Contracts Joint Committee.
- Assurances from company directors and/or the other senior company officials.
- The work of the relevant bodies' respective external auditors (and where relevant internal audit function) and other interim reports.
- Completion of self-assessment checklists.

The Dundee City Integration Joint Board (DCIJB) and Dundee Health and Social Care Partnership (DHSCP) were formed in April 2016, at which time an approved Strategic and Commissioning Plan was in place and proper due diligence had been carried out in respect of the financial contributions transferred to the DCIJB at the outset. The Scottish Government, Integrated Resources Advisory Group, Finance Guidance includes a section on Following the Public Pound which details the requirement to put in place arrangements to maintain control and clear public accountability over public funds. More specifically, these arrangements should cover the resources delegated to the DCIJB by the Council and NHS Tayside as well as the resources allocated to the Council and NHS Tayside by the DCIJB to be used as directed and set out in the Strategic and Commissioning Plan. In terms of Council resources, projected outturns against budgets have been and will continue to be monitored and reviewed on a continuous basis with corresponding reports being presented to the DCIJB at regular intervals. In addition, the Council's Policy and Resources Committee is responsible for the scrutiny of integrated health and social care. The Section 95 Officers from the Council and the DCIJB have worked, and will continue to work, together closely. Over time, the format and focus of monitoring will change as budgets and services become more integrated and aligned with the priorities set out in the Strategic and Commissioning Plan.

DCIJB comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the DCIJB. As a result of the Covid-19 pandemic, all formal DCIJB governance committees were held online throughout the 2021/2022 financial year.

The main features of the DCIJB's governance framework in existence during 2021/2022 were:

- DCIJB voting members briefings held in the early part of the financial year to provide updates on the DHSCP's response to the Covid-19 pandemic with updates also provided at formal DCIJB meetings.
- Continuation of a silver command group within the DHSCP to coordinate the health and social care response to the pandemic with frequency of meetings stepped up or down depending on the stage of the pandemic. DHSCP Senior Management active participation in corresponding Council and NHS Tayside command structure responses.
- Consideration by the DCIJB of the impact of the Covid-19 pandemic on the delivery of the Strategic and Commissioning Plan through instructing the DCIJB's Strategic Planning Advisory Group to assess the situation and report back accordingly.
- The Integration Scheme as the overarching agreement between the Integration Joint Board, NHS Tayside and the Council as to how the planning for and delivery of delegated health and social care services is to be achieved reflecting a range of governance arrangements required to support this arrangement.
- The senior leadership team of the DHSCP consisting of the Chief Officer, Head of Finance and Strategic Planning (Chief Finance Officer) and two Head of Service of Health and Social Care Services. The Chief Finance Officer has overall responsibility for the DCIJB's financial arrangements and is professionally qualified and suitably experienced to lead the DCIJB's finance function and to direct staff accordingly.
- Formal regular meetings of the senior leadership team including professional advisers.
- Standing Orders, Financial Regulations and a Code of Conduct including the publication of Register of Member's Interests and the nomination of the Clerk to the DCIJB as Standards Officer were all in place during 2021/2022.
- The DCIJB met remotely on seven occasions throughout the year to consider its business. Three development sessions were also held remotely as part of the 2022/2023 budget development process. A further two development sessions were held on risk management while DCIJB members also attended briefing sessions on the revision of the Integration Scheme and findings of the Dundee Drugs Commission.

- The DCIJB's Performance and Audit Committee met remotely on four occasions throughout the year to enhance scrutiny of the performance of the DCIJB and audit arrangements in line with regulations and good governance standards in the public sector.
- Internal Audit arrangements for 2021/2022 were approved at the Performance and Audit Committee meeting held on the 26 May 2021 including the appointment of the Chief Internal Auditor of FTF Internal Audit and Management Services to the role of Chief Internal Auditor of the DCIJB supported by the Council's Internal Audit Service. An Internal Audit Plan for 2021/2022 was approved drawing on resources from both organisations.
- The assurances provided from internal audit through their independent review work of the DCIJB's internal control systems.
- Assurances were provided to the Performance and Audit Committee in relation to Clinical, Care and Professional Governance through the presentation of a Chairs Assurance Report from the Clinical, Care and Professional Governance Group.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Finance Officer, as set out in CIPFA guidance.
- Compliance with CIPFA's Financial Management Code.

The impact of the Covid-19 crisis has continued to dominate the operations of DCIJB over the entire 2021/2022 financial year. As in financial year 2020/2021, the service landscape was subject to large scale disruption with the continued enforced closure and restricted opening of a range of services.

However despite the emergency nature of the response, these services continued to be underpinned by principles of the DCIJB's [Strategic and Commissioning Plan 2019-2022](#). This sets out the context within which integrated services in Dundee operate. In February 2022 the DCIJB agreed to extend the 2019-2022 plan for a further one-year period to cover April 2022 to March 2023. The review of the plan found that the vision and priorities for integrated adult health and social care continue to reflect the needs of the population and current local and national policy and strategic priorities. However, the review also identified that the action lists supporting each of the strategic priorities within the 2019-2022 plan require to be updated in order to reflect the current areas of focus that have emerged over the last three years, including from the pandemic ([Strategic and Commissioning Plan Extension](#)). Over 2022/2023 these priorities will be delivered through continued implementation of programmes of transformation. Over which time a new Strategic and Commissioning plan for 2023-2026 will be reviewed in order to further reflect the current needs on services provided by DHSCP.

The lessons learned from the Covid-19 pandemic continue to be assessed by DHSCP and have been reflected in the Remobilisation plan to inform the nature of the longer-term response to living with Covid-19 on a longer-term basis. Key risks have been identified with mitigation plans developed to reduce those risks in a range of areas. These have been reflected in the IJB's risk register. Information continues to be gathered in relation to the legacy impact of the outbreak. This will assist in informing the IJB of the scale of the new challenge it faces as part of its remobilisation plan and in shaping its future Strategic and Commissioning Plan priorities.

Over the course of 2021/2022, the Integration Scheme governing how DCIJB operates was required to be reviewed by the statutory bodies (NHS Tayside and Dundee City Council) in line with legislation and this resulted in a number of revisions to the scheme. While most of the revisions are designed to bring the Integration Scheme up to date and reflect the experience of integration to date, there are other changes which may have a significant impact on the DCIJB. The most significant of these is a change to the financial risk sharing arrangements for any residual overspends within the delegated budget where the DCIJB may be required to repay in future years any financial support provided by NHS Tayside and Dundee City Council to balance the budget at the year end. This may impact on the financial sustainability of the Integration Joint Board in future. Regular identification and assessment of risk is part of the DCIJB's risk management strategy with appropriate actions to eliminate or reduce the impact of such risks set out in the DCIJB's risk register.

**Conclusion**

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects for 2021/2022. It is proposed over 2022/2023 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Council's governance arrangements.



**Gregory Colgan BAcc (Hons), ACMA, CGMA**  
Chief Executive  
Dundee City Council

**26 October 2022**



**Councillor John Alexander**  
Leader of the Council  
Dundee City Council

**26 October 2022**

**CONTINUOUS IMPROVEMENT AGENDA FOR 2021/2022 - WITH PROGRESS UPDATES**

The Council's Corporate Governance Assurance Statement group identified the following areas for improvement to be taken forward during 2021/2022. Full details are included in: The Local Code of Corporate Governance ([Report 182-2021](#)) and the 2020/2021 Annual Governance Statement ([Report 183-2021](#)).

**TABLE 1:**

ORIGINAL IMPROVEMENT AGENDA ON 2020/2021 LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT REPORTS					PROGRESS UPDATES		
	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
1	Update Corporate Asset Management Strategy.	Local Code of Corporate Governance 2017/2018. (Principle E: Developing the Entity). <a href="#">Report 223-2017</a>	Carried forward from 2020/2021. In progress.	Executive Director of Corporate Services.	31/12/21		In view of resource constraints caused by the pandemic, it was agreed that this action will be commissioned externally with a view to concluding this strategy by end 2022. An external appointment has been commissioned and work has now started.
2	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). <a href="#">Report 223-2017</a>	Carried forward from 2020/2021. In progress.	Service Manager - Community Safety and Resilience.	31/03/2022		There has been some limited progress with review and reassessment of Service Business Continuity plans, in areas of the Council which have not been fully engaged in supporting citizens throughout the Pandemic. There has been no Corporate "space" to reflect on lessons learned from the Pandemic and build that learning into Continuity plans to date. Many Services, including the Council's resilience team have until recently remained in full response mode to a public health emergency. This state is reflected at Local Resilience Partnership Level where little progress has been able to have been made with Covid recovery planning. Acute pandemic pressures as anticipated have now reduced. A revised completion date of 31 December 2022 has been agreed with our Audit partners. The benefit of an additional temporary staff resource (Graduate trainee) in the resilience team has been deployed to guide Service Business Continuity Leads. *

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
3	Develop programme for consideration of the suitability of key Operational IT systems	Annual Governance Statement 2018/2019. (Self-Assessment Checklist (SAC): Internal Control Environment section). <u>Report 214-2018</u>	Carried forward from 2020/2021. In progress.	Head of Customer Services and IT.	31/12/2021		This programme is currently being considered and will be included in the Council's IT Improvement Strategy that will be completed by June 2022. *
4	Replace Construction Services' Costing System.		Carried forward from 2020/2021. In progress.	Head of Construction and Head of Customer Services and IT.	31/12/2022		The replacement of Construction Services costing system is part of a suite of packages being developed across two IT solutions involving Housing and Construction Services. Phase 2 of the development and implementation of the Integrated Housing Management (Civica Cx) System is being scheduled at present and will include a range of IT modules to replace existing bespoke in-house IT systems for core Housing functions. This includes the development and implementation for the end to end Housing Repairs system which will integrate with the Total Mobile Solution for Construction Services and in turn allow for the end to end process of Construction Service from costing and finance through to operational flexible delivery of construction workstreams. In partnership, services are working with both Civica and Total Mobile to deliver an end to end Repairs IT system which will harness the benefits of automation, mobile and flexible working efficiencies across both services. Target completion date for the build is April 2023 with operational roll throughout the first 6 months of 2023/2024. *
5	Revise Corporate Fraud Policy.	Internal Audit Report (Ref 2018/21).	Carried forward from 2020/2021. In progress.	Senior Manager – Internal Audit	31/12/2021		Final consultation of the policy is underway and the document will be considered by Council Leadership Team by June 2022 and then circulated to all staff and elected members thereafter.*

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
6	Develop Service Area Scorecards in the Corporate Performance Management system.	Internal Audit Report 2017/22, 23 and 24. <a href="#">Report 374-2018</a>	Carried forward from 2020/2021. In progress.	Transformation and Performance Manager.	30/06/21	07/06/21	Three-year service plans are now in place for all service areas. Action completed on 7/6/2021. The first performance reports in relation to the service plans were reported to relevant Committees starting in November 2021.
7	Engage with Elected Members on proposals for future personal development and maximise their opportunity to participate.	Local Government in Scotland: Challenges and Performance 2019 <a href="#">Report 166-2019</a> External Audit Report to Members on the Audit of DCC's 2018/2019 Accounts <a href="#">Report 338-2019</a> Best Value Self-Assessment <a href="#">Report 68-2020</a>	Carried forward from 2020/2021. In progress. Support the development and tracking of individual personal development plans. Explore opportunities to learn from best practice elsewhere.	Head of Democratic and Legal Services / Head of Human Resources and Business Support.	31/12/21		Induction and Continued Professional Development (CPD) for Elected Members has been developed and is currently being implemented for the newly elected members following the Scottish Local Elections on 5 <sup>th</sup> May 2022.
8	Develop a future needs analysis and workforce plan within each service area for the short, medium and long term in line with the Our People and Workforce Strategy.	Best Value Self-Assessment <a href="#">Report 68-2020</a>	Carried forward from 2020/2021. In progress. To ensure staff skills match service delivery requirements and align workforce and strategic planning to ensure citizen's needs are being met in accordance with agreed priorities and statutory duties.	Head of Human Resources and Business Support.	30/04/22		Workforce Plans: Service Plans are currently in place and associated workforce plans have been completed in most service area. A new People Strategy will be developed in 2022 and will include our approach to future needs analysis for our workforce which will align with the new Council Plan. *



	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
9	Address recurring areas for improvement in public protection in external scrutiny reports and internal self-evaluation activities.	Best Value Self-Assessment <a href="#">Report 68-2020</a>	Carried forward from 2020/2021. In progress.	Council Leadership Team	31/03/22	10/02/22	<p>The Transforming Public Protection (TPP) Oversight Group, chaired by the Chief Social Work Officer, led a substantive review and initial recommendations on TPP Programme 2 were made to the Chief Officers Group (COG) in February 2022 identifying 11 transformation workstreams to be delivered over a three-year period. The Chief Officers Group approved the outline programme and Project Initiation Documents (PIDs) that will inform a full programme plan are being developed for each of the 11 proposed workstreams. Learning from the first TPP Programme has informed the approach to undertaking PIDs, with a focus on multi-agency involvement to secure a shared understanding of workstream aims, activities and impact measurement and reporting. Action completed.</p> <p>The TPP Programme 2 will be support by investment made by the Council to further enhance strategic support capacity for public protection issues.</p> <p>It should be noted that the work undertaken within the original TPP programme and impact of the programme activities is positively reflected within the Joint Inspection of Services for Children at Risk of Harm report. This includes progress made in strengthening practice in relation to the use of chronologies, the use of a strategic risk register, inclusive and effective leadership by the COG and Child Protection Committee, and improvements in single agency approaches to case file auditing.</p>
10	Embed Information Governance Assurance checklist in annual corporate governance assurance process.	Corporate Governance Assurance Statement Group's (CGASG) review of Annual Governance process.	Carried forward from 2020/2021. Ensure results are reflected in 2021/2022 Annual Governance Statement.	Information Governance Manager / Head of Corporate Finance.	28/02/22	01/02/22	<p>A new section has been included in the 2021/2022 Annual Governance Statement self-assessment checklist covering a range of Information Governance issues. This was discussed and finalised at the CGASG meeting in February 2022. Action completed.</p>

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
11	Review the Council's response to Covid 19 crisis.		Carried forward from 2020/2021. In progress. Including lessons learned, good practice, and areas for improvement.	Chief Executive / Executive Director of Corporate Services.	31/03/22		The ongoing financial impact of Covid has been monitored throughout the year and is submitted to Policy and Resources Committee as part of the regular financial monitoring reports. In addition, an update on the overall financial impact for financial year 2021/2022 will be included within the Unaudited Annual Accounts that will be submitted to elected members in June 2022. An internal audit review of arrangements for Covid 19 Funding is underway and any agreed actions will be taken to Scrutiny Committee in due course. Finally, as part of the updated service planning processes services were requested to review those items included within the Covid-19 Recovery Plan that were considered to have an ongoing impact and ensure that actions to address these priorities were reflected in these plans. These plans, together with any subsequent progress updates, have been considered by various committees throughout the past year. *
12	Implementation of the CIPFA Financial Management (FM) Code.	Corporate Governance Assurance Statement Group's review of Annual Governance process. 2021/2022 is the first year of full compliance.	New action for 2021/2022. In progress. Ensure results are reflected in 2021/2022 Annual Governance Statement.	Executive Director of Corporate Services.	30/06/22	30/05/22	A new self-assessment checklist has been formulated covering all the key questions in CIPFA's FM Code. This will be completed during the 2021/2022 corporate governance process for inclusion of a compliance (or explanation of the reasons for non-compliance) paragraph in the Annual Governance Statement in the 2021/2022 Unaudited Accounts. Further actions to address any areas identified as requiring significant improvement will be included in the Improvement Agenda Action Plan for next year.
13	Identify the most appropriate apps in O365 to improve Council Services.	Annual Governance Statement 2020/2021. (Self-Assessment Checklist (SAC): Internal Control Environment section).	New action for 2021/2022. In progress.	Head of Learning & Organisational Development.	31/03/2022		This is currently being progressed by Learning and Organisational Development and IT and also within the Council's transformation programme. *

\*Carried forward items have been included in Table 2 with new target completion dates.

**CONTINUOUS IMPROVEMENT AGENDA FOR 2022/2023**

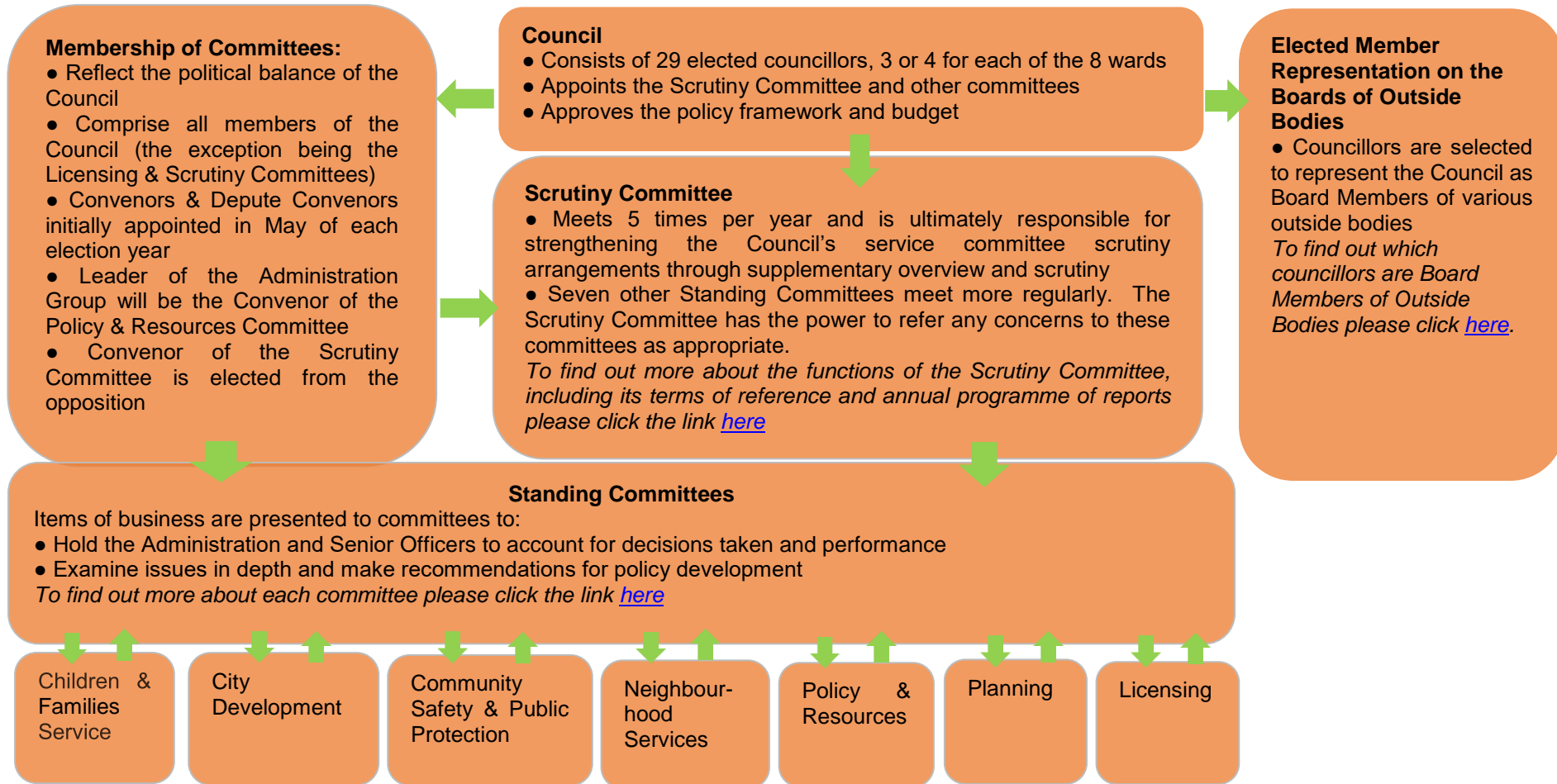
The Council's Corporate Governance Assurance Statement group has identified the following areas for improvement, full details are included in the Council's Local Code of Corporate Governance, to be taken forward during 2022/2023:

**TABLE 2**

	<b>Improvement</b>	<b>Source</b>	<b>Details</b>	<b>Responsible Officer</b>	<b>Target Completion Date</b>
1	Update Corporate Asset Management Strategy.	Local Code of Corporate Governance 2017/2018. (Principle E: Developing the Entity). <a href="#">Report 223-2017</a>	Carried forward from 2020/2021. In progress.	Executive Director of Corporate Services.	31/12/22
2	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). <a href="#">Report 223-2017</a>	Carried forward from 2020/2021. In progress.	Service Manager - Community Safety and Resilience.	31/12/22
3	Develop programme for consideration of the suitability of key Operational IT systems.	Annual Governance Statement 2018/2019. (Self-Assessment Checklist (SAC): Internal Control Environment section). <a href="#">Report 214-2018</a>	Carried forward from 2020/2021. In progress.	Head of Customer Services and IT.	31/10/22
4	Replace Construction Services' Costing System.		Carried forward from 2020/2021. In progress.	Head of Construction and Head of Customer Services and IT.	30/04/23
5	Revise Corporate Fraud Policy.	Internal Audit Report (Ref 2018/21).	Carried forward from 2020/2021. In progress.	Senior Manager – Internal Audit.	30/06/22
6	Engage with Elected Members on proposals for future personal development and maximise their opportunity to participate.	Local Government in Scotland: Challenges and Performance 2019 <a href="#">Report 166-2019</a> External Audit Report to Members on the Audit of DCC's 2018/2019 Accounts <a href="#">Report 338-2019</a> Best Value Self-Assessment <a href="#">Report 68-2020</a>	Carried forward from 2020/2021. In progress. Support the development and tracking of individual personal development plans. Explore opportunities to learn from best practice elsewhere.	Head of Democratic and Legal Services / Head of Human Resources and Business Support.	31/08/22

	Improvement	Source	Details	Responsible Officer	Target Completion Date
7	Develop a future needs analysis and workforce plan within each service area for the short, medium and long term in line with the Our People and Workforce Strategy.	Best Value Self-Assessment <u>Report 68-2020</u>	Carried forward from 2020/2021. In progress. To ensure staff skills match service delivery requirements and align workforce and strategic planning to ensure citizen's needs are being met in accordance with agreed priorities and statutory duties.	Head of Human Resources and Business Support.	31/03/23
8	Review the Council's response to Covid-19 crisis.		Carried forward from 2020/2021. In progress. Including lessons learned, good practice, and areas for improvement.	Chief Executive / Executive Director of Corporate Services.	30/09/22
9	Identify the most appropriate apps in O365 to improve DCC Services.	Annual Governance Statement 2020/2021. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Carried forward from 2021/2022. In progress.	Head of Learning and Organisational	31/12/22
10	Review the Long-term Financial Strategy to reflect the impact of Covid-19.	Audit Scotland's 2021/2022 Annual Audit Report, recommendation 4.	New for 2022/2023.	Executive Director of Corporate Services.	30/09/22
11	Develop Risk Board to oversee legislative changes.	Annual Governance Statement 2020/2021. (Self-Assessment Checklist (SAC): Internal Control Environment section).	New for 2022/2023.	Executive Director of Corporate Services.	31/03/23

**Dundee City Council's Governance Structure:**



## ANNUAL REMUNERATION REPORT

### INTRODUCTION

The Council is required to prepare and publish within its Annual Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Regulations 2014. The report sets out the remuneration and accrued pension benefits of the Senior Councillors and Senior Employees of the Council. The report also provides information on the number of Council Employees (including Senior Employees) whose total actual remuneration was £50,000 or more, this information being disclosed in salary bandings of £5,000 above £50,000. The following report has been prepared in accordance with the aforementioned Regulations. The Remuneration Report also provides details of Termination Benefits and Exit Packages for staff. The Council's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in their report on the Annual Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations and other relevant guidance. All the tables in this report are subject to audit except the table on page 40 relating to Councillors Allowances and Expenses.

### REMUNERATION ARRANGEMENTS

#### Senior Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2020 (Scottish Statutory Instrument No. 2020/26) and subsequent amendment regulations with further guidance being provided in Scottish Government circulars 8-2011 and 7-2014. The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (Lord Provost for Dundee City Council), Senior Councillors or Councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2021/2022 the salary for the Leader of Dundee City Council was £37,213. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum salary that may be paid to that Civic Head. The agreed policy of Dundee City Council is to pay the Civic Head (Lord Provost) the maximum salary set out in the Regulations (£27,910). The Regulations allow the Civic Head to incur expenditure of up to £3,000 on expenses associated with the position. During 2021/2022, the Council's Lord Provost did not incur any expenditure under this heading.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors that the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors (including the Leader and Civic Head) shall not exceed £348,846 and the number of Senior Councillors shall not exceed 15. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. Following the Local Government elections on 4 May 2017 the Council's arrangements in this area were agreed, for 2017/2018 onwards, at the meeting of the City Council on 22 May 2017 and were to be effective from that date.

With effect from 22 May 2017, Dundee City Council has had 15 Senior Councillors including the Leader and Civic Head. The remuneration payable to these Councillors in a full financial year totals £348,846, incorporating the effect of 0.4%, 2.8%, 2.2% and 4.2% pay increases from 1 April 2018, 1 April 2019, 1 April 2020 and 1 April 2021 respectively. The actual remuneration paid to Senior Councillors in 2021/2022 was £348,846. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme.

The remuneration details for the Leader of the Council, the Civic Head (Lord Provost for Dundee City Council) and Senior Councillors are set out in Table 1a. The remuneration details for Councillors with the responsibility of a Convener or Vice Convener of a Joint Board are set out in Table 1b. The salaries, allowances and expenses for all Councillors (including Senior Councillors) are set out below.

	2021/2022	2020/2021
	£	£
Salaries	631,672	608,195
Mileage, Travel & Subsistence etc	266	-
Training & Conferences	-	-
Telephone Expenses	2,929	3,618
	<b>634,867</b>	<b>611,813</b>
Provision of Council Cars	39,589	40,409
<b>Total</b>	<b>674,456</b>	<b>652,222</b>

The full Annual Return of Councillors Salaries & Expenses for 2021/2022 is available on the Council's [website](#).

### Senior Employees of the Council

The salary of Senior Employees is set by reference to national agreements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/151 sets the amount of salary for the Chief Executive of Dundee City Council for the year 2021/2022. The salaries of the Executive Directors and Heads of Service are determined with reference to the Chief Executive's salary taking into account the duties and responsibilities of their posts. The Council's Policy and Resources Committee is responsible for agreeing the salaries of Executive Directors and Heads of Service. As part of the revised service and management structures agreed in June 2015, the Council adopted a single pay and grading structure for all employees, other than those on SNCT conditions of service.

Senior Employees are entitled to participate in the Council's Contract Car Hire Scheme, subject to meeting certain criteria. The Council's Policy and Resources Committee is also responsible for agreeing the terms of the Contract Car Hire Scheme.

For the purposes of the Remuneration Report, the Regulations set out the following criteria for designation as a Senior Employee of the Council:

- i. has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- ii. 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
- iii. annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The Council has determined that 8 employees (7 posts) meet the criteria for designation as a Senior Employee in 2021/2022, with all 8 employees falling into either category (i) and / or (ii) above. The remuneration details for the Senior Employees of the Council are set out in Table 2.

The Regulations also require information to be published on the total number of Council employees (including Senior Employees) whose total actual remuneration was £50,000 or more. This information is to be disclosed in salary bandings of £5,000 above £50,000 and is shown in the following table:

Remuneration Bands	No of Employees 2021/2022	No of Employees 2020/2021
£50,000 - £54,999	224	213
£55,000 - £59,999	60	71
£60,000 - £64,999	45	42
£65,000 - £69,999	47	54
£70,000 - £74,999	15	17
£75,000 - £79,999	6	5
£80,000 - £84,999	3	4
£85,000 - £89,999	7	4

£90,000 - £94,999	2	3
£95,000 - £99,999	10	10
£100,000 - £104,999	1	1
£105,000 - £109,999	1	-
£115,000 - £119,999	1	-
£120,000 - £124,999	2	3
£125,000 - £129,999	-	1
£130,000 - £134,999	-	1
£155,000 - £ 159,999	1	-
<b>Total</b>	<b>425</b>	<b>429</b>

## ACCRUED PENSION BENEFITS

Pension benefits for Councillors and Local Government Employees are provided through the Local Government Pension Scheme (LGPS). A new Local Government Pension Scheme (Scotland) came into effect on 1 April 2015, based on career average related earnings (CARE Scheme).

Councillors' pension benefits are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase 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 revalued 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.

For Local Government Employees the scheme currently provides benefits based on career average revalued salary and length of service on retirement. The scheme's normal retirement age for both Councillors and Local Government Employees is linked to the state pension age.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The members contribution rates for 2021/2022 remain at the 2009/2010 rates, however the pay bandings have been updated from 2019/2020. The tiers and contribution rates are as follows:

<b>Whole Time Pay</b>	<b>Contribution Rate 2021/2022</b>
On earnings up to and including £22,200	5.5%
On earnings above £22,201 and up to £27,100	7.25%
On earnings above £27,101 and up to £37,200	8.5%
On earnings above £37,201 and up to £49,600	9.5%
On earnings of £49,601 and above	12%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate under the new CARE Scheme guarantees a pension based on 1/49th of pensionable salary, calculated separately for each year of pensionable service. Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service.



**Senior Councillors**

The accrued pension benefits for Senior Councillors are set out in Table 3, together with the pension contributions made by the Council.

**Senior Employees of the Council**

The accrued pension benefits for Senior Employees are set out in Table 4, together with the pension contributions made by the Council.

**Assumptions and Contextual Information**

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; 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 and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- i. the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- ii. the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2021/2022, the scheme member contribution rate for Senior Councillors was in the range of 3.25% to 5.6% (2020/2021 3.25% to 5.6%) of pensionable pay and for Senior Employees was in the range of 5.2% to 10.4% (2019/2020 5.2% to 10.0%) of pensionable pay. In 2021/2022, the employer contribution rate was 17.0% (2020/2021 17.0%) of pensionable pay for both Senior Councillors and Senior Employees.

**TERMINATION BENEFITS & EXIT PACKAGES**

As part of ongoing cost saving measures aimed to implement a reduction in staffing levels the Council have approved a series of Voluntary Early Retirement and Voluntary Redundancy Schemes. Table 5 details the total number and cost of staff departures agreed under these schemes, split over various cost bandings. The total cost of these exit packages includes the strain on fund payable by the Council to the relevant pension scheme, employer's contribution to any enhancement of service awarded (i.e. added years benefits) or redundancy payments made. These costs are included on an actuarial basis and have been calculated by the Council's appointed actuary, Barnett Waddingham (where no actuarial valuation was provided by the actuary an estimate of the capitalised cost has been made based on the required future payments to the relevant pension schemes).

**Trade Union (Facility Time Publication Requirements) Regulations 2017**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require a range of information in relation to the time and costs of employee involvement in trade union activity to be disclosed in the annual report. Last year, we reported that due to time constraints and changes in personnel, it was not possible to make the required disclosures in the 2020/2021 accounts. The 2020/2021 information has now been collated:

<b>Trade Union (Facility Time Publication Requirements) Regulations 2017 disclosure requirement</b>	<b>2020/21</b>
Number of employees who were relevant union officials during the relevant period	19
How many employees who were relevant union officials during the relevant period spent	
a) 0% of their working hours on facility time:	0
b) 1 – 50% of their working hours on facility time:	18
c) 51-99% of their working hours on facility time:	1
d) 100% of their working hours on facility time:	0
Percentage of the total pay bill spent on facility time	0.040%
Time spent on paid trade union activities as a percentage of total paid facility time hours	none

The 2021/2022 data is currently being collated and will be published on the Council's website when available.



**Gregory Colgan BAcc (Hons), ACMA, CGMA  
Executive  
Dundee City Council**

**26 October 2022**



**Councillor John Alexander Chief  
Leader of the Council  
Dundee City Council**

**26 October 2022**

**TABLE 1a - REMUNERATION OF SENIOR COUNCILLORS**

Councillor Name	Responsibility	Salary, Fees & Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits -in-Kind £	Total Remuneration 2021/2022 £	Total Remuneration 2020/2021 £
Willie Sawers	Depute Convener, Policy and Resources	24,712	-	-	24,712	23,716
Stewart Hunter	Convener, Children and Families Services and Convener of Licencing Committee	24,712	-	-	24,712	23,716
Ken Lynn	Lead Member for Health & Social Care and Depute Convener of Licencing Committee	24,712	-	-	24,712	23,716
Will Dawson	Convener, Planning	24,712	-	-	24,712	23,716
John Alexander	Leader	37,213	-	-	37,213	35,713
Kevin Keenan	Convener, Scrutiny and Leader of the Major Opposition Group	24,712	-	-	24,712	23,716
Alan Ross	Depute Convener of Neighbourhood Services (until 7/6/21)	2,307	-	-	2,307	21,394
Bill Campbell	Depute Lord Provost	20,930	-	-	20,930	20,086
Kevin Cordell	Convener, Community Safety and Public Protection	24,712	-	-	24,712	23,716
Ian Borthwick	Lord Provost	27,910	-	-	27,910	26,785
Mark Flynn	Convener, City Development	24,712	-	-	24,712	22,408
Anne Rendall	Convener, Neighbourhood Services	24,712	-	-	24,712	23,716
Steven Rome	Depute Convener, City Development	20,930	-	-	20,930	20,086
Roisin Smith	Depute Convener, Children and Families Services	20,930	-	-	20,930	20,086
<b>Total</b>		<b>327,916</b>	<b>-</b>	<b>-</b>	<b>327,916</b>	<b>332,570</b>

**TABLE 1b – REMUNERATION OF COUNCILLORS WHO ARE CONVENER AND VICE-CONVENERS OF JOINT BOARDS**

Councillor Name	Responsibility	Salary, Fees & Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-Kind £	Total Remuneration 2021/2022 £	Total Remuneration 2020/2021 £
Lynne Short	Chairperson, Tay Road Bridge Joint Board and Depute Convener of Community Safety & Public Protection Committee	23,257	-	-	23,257	22,320
Christina Roberts	Vice Convener, Tayside Valuation Joint Board, Depute Convener of Planning Committee and Depute Convener of Neighbourhood Services Committee (from 7/6/21)	22,095	-	-	22,095	21,204
<b>Total</b>		<b>45,352</b>	<b>-</b>	<b>-</b>	<b>45,352</b>	<b>43,524</b>

**Note**

The following recharges were made by the Council to the following bodies in respect of the above responsibilities:

	2021/2022 £	2020/2021 £
Tay Road Bridge Joint Board	4,654	4,466
Tayside Valuation Joint Board	1,165	1,118
<b>Total</b>	<b>5,819</b>	<b>5,584</b>

**TABLE 1b NOTES**

1. The figures for Salary, Fees and Allowances represents total remuneration for the year including payment for being a Councillor, together with the additional payment for being a Convener or Vice Convener of a Joint Board.
2. Please note the 2020/2021 recharge to Tay Road Bridge Joint Board has been restated (increased) to include an undercharge of £2,232 in respect of 2020/2021 that was paid in 2021/2022.

**TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES OF THE COUNCIL**

Employee Name	Post Title	Salary, Fees & Allowances £	Bonuses, Taxable Expenses £	Other payments £	Compensation for Loss of Employment £	Benefits Other Than in Cash £	Total Remuneration 2021/2022 £	Total Remuneration 2020/2021 £
David Martin	Chief Executive (until 31/1/21)	-	-	-	-	-	-	126,363
Gregory Colgan	Chief Executive (from 7/12/20)	160,087	-	-	-	-	160,087	130,482
Robert Emmott	Executive Director of Corporate Services (from 25/2/21)	117,433	-	5,000	-	-	122,433	10,471
Paul Clancy	Executive Director of Children and Families (until 12/1/22)	101,807	-	-	-	-	101,807	121,140
Audrey May	Executive Director of Children and Families (from 13/1/22)	37,091	-	-	-	-	37,091	
Robin Presswood	Executive Director of City Development	122,129	-	-	-	-	122,129	121,140
Elaine Zwirlein	Executive Director of Neighbourhood Services	122,129	-	-	-	-	122,129	121,140
Judy Dobbie	Director of Leisure and Culture Dundee	108,739	-	-	-	-	108,739	104,104
Diane McCulloch	Head of Health & Community Care, Dundee Health and Social Care Partnership (Chief Social Work Officer)	96,816	-	500	-	-	97,316	95,828
<b>Total</b>		<b>866,231</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>-</b>	<b>871,731</b>	<b>830,668</b>

**TABLE 2 NOTES**

1. The Total Remuneration 2021/2022 figure for Gregory Colgan, Chief Executive from 7/12/20, includes £8,649 for election duties (2020/2021: £nil).
2. The Total Remuneration 2020/2021 figure for David Martin, Chief Executive until 31/1/21, includes £912 for election duties.
3. The position of Section 95 Officer within the Council is held by the Executive Director of Corporate Services. During 2020/2021, the position of Section 95 Officer was held by Gregory Colgan (until 24/2/21) and by Robert Emmott (from 25/2/21).

**TABLE 3 – SENIOR COUNCILLORS ACCRUED PENSION BENEFITS**

Councillor Name	Responsibility	Pension as at 31 March 2022	Pension Difference from 31 March 2021	Lump Sum as at 31 March 2022	Lump Sum Difference from 31 March 2021	Pension Contribution 2021/2022	Pension Contribution 2020/2021
		£000	£000	£000	£000	£	£
<b>Willie Sawers</b>	Depute Convener, Policy and Resources	6.7	0.7	1.9	0.1	4,201	4,032
<b>Stewart Hunter</b>	Convener, Children and Families Services and Convener of Licencing Committee	6.6	0.8	1.9	0.2	4,201	4,032
<b>Ken Lynn</b>	Lead Member for Health & Social Care and Depute Convener of Licencing Committee	1.3	0.5	0.0	0.0	4,201	4,032
<b>Will Dawson</b>	Convener, Planning	6.7	0.7	1.9	0.1	4,201	4,032
<b>John Alexander</b>	Leader	5.0	0.5	0.0	0.0	6,326	6,071
<b>Kevin Keenan</b>	Convener, Scrutiny and Leader of the Major Opposition Group	7.1	0.8	2.1	0.1	4,201	4,032
<b>Alan Ross</b>	Depute Convener of Neighbourhood Services	6.0	0.6	1.2	0.1	392	3,637
<b>Bill Campbell</b>	Depute Lord Provost	4.0	0.5	0.0	0.0	3,558	3,415
<b>Kevin Cordell</b>	Convener, Community Safety and Public Protection	4.5	0.7	0.0	0.0	4,201	4,032
<b>Mark Flynn</b>	Convener, City Development	2.2	0.6	0.0	0.0	4,201	3,809
<b>Anne Rendall</b>	Convener, Neighbourhood Services	2.3	0.6	0.0	0.0	4,201	4,032
<b>Steven Rome</b>	Depute Convener, City Development	1.2	0.4	0.0	0.0	3,558	3,415
<b>Roisin Smith</b>	Depute Convener, Children and Families Services	2.0	0.4	0.0	0.0	3,558	3,415
<b>Total</b>		<b>55.6</b>	<b>7.8</b>	<b>9</b>	<b>0.6</b>	<b>51,000</b>	<b>51,986</b>

**TABLE 3 NOTES**

1. The Pension Contribution figures relate to the remuneration shown for the relevant persons in Tables 1a and 1b.

**TABLE 4 – SENIOR EMPLOYEES OF THE COUNCIL ACCRUED PENSION BENEFITS**

Employee Name	Post Title	Pension as at 31 March 2022	Pension Difference from 31 March 2021	Lump Sum as at 31 March 2022	Lump Sum Difference from 31 March 2021	Pension Contribution 2021/2022	Pension Contribution 2020/2021
		£000	£000	£000	£000	£	£
David Martin	Chief Executive (until 31/1/21) (see note 1)	n/a	n/a	n/a	n/a	n/a	21,467
Gregory Colgan	Chief Executive (from 7/12/20) (see note 1)	30	5	-	-	27,215	22,182
Robert Emmott	Executive Director of Corporate Services (from 25/2/21)	48	n/a	68	n/a	19,916	1,780
Paul Clancy	Executive Director of Children and Families (until 12/1/22)	-	-	-	-	17,307	20,594
Robin Presswood	Executive Director of City Development	47	3	58	-	20,762	20,594
Elaine Zwirlein	Executive Director of Neighbourhood Services	64	3	103	-	20,762	20,594
Judy Dobbie	Director of Leisure and Culture Dundee	49	4	82	4	18,486	17,698
Diane McCulloch	Head of Health and Community Care, Dundee Health and Social Care Partnership (Chief Social Work Officer)	49	2	81	1	16,459	16,291
<b>Total</b>		<b>257</b>	<b>17</b>	<b>392</b>	<b>5</b>	<b>140,907</b>	<b>141,200</b>

**TABLE 4 NOTES**

1. The Pension Contribution 2021/2022 figure for Gregory Colgan, Chief Executive, includes £1,470 contributions payable on fees for election duties. The Pension Contribution 2020/2021 figure for David Martin, Chief Executive until 31/1/21), includes £155 contributions payable on fees for election duties.
2. During 2021/2022 the LGPS pension benefits accrued by Robert Emmott (Executive Director of Corporate Services), prior to his employment at Dundee City Council, were transferred into Tayside Pension Scheme.
3. Audrey May, Executive Director of Children and Families, has opted out of the Local Government Pension Scheme.

**TABLE 5 – TERMINATION BENEFITS & EXIT PACKAGES**

Exit Package Cost Band	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
£0 - £20,000	-	-	18	23	18	23	259	95
£20,001 - £40,000	-	-	27	6	27	6	760	170
£40,001 - £60,000	-	-	4	-	4	-	211	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	1	3	1	3	81	278
£100,000 - £150,000	-	-	-	2	-	2	-	247
£150,001 - £250,000	-	-	1	-	1	-	153	-
<b>Total</b>	-	-	<b>51</b>	<b>34</b>	<b>51</b>	<b>34</b>	<b>1,464</b>	<b>790</b>

**TABLE 5 NOTES**

1. The above table includes costs of termination benefits associated with voluntary redundancy payments to employees that left during 2021/2022. Under the terms of the Council's severance schemes for non-teaching staff, employees can elect to receive a voluntary redundancy payment. During 2021/2022, a total of 23 employees received voluntary redundancy payments (2020/2021 49 employees) for which the Council incurred one-off redundancy costs of £0.288m (2020/2021 £1.009m).
2. The costs shown in the above table have been calculated on an actuarial basis by the Council's appointed actuary (Barnett Waddingham), in accordance with IAS 19 Employee Benefits. The actual costs incurred by the Council in 2021/2022, in terms of payments to pension schemes and to individuals, were £0.463 m (2020/2021 £1.296m). The average pay-back period for exit packages in 2021/2022 was 0.40 years (2020/2021 0.88 years). The pay-back period represents the time taken for the costs of the exit package to be recovered by the subsequent saving in salary costs, including on-cost.



## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers 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 Executive Director of Corporate Services.
- 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 the Coronavirus (Scotland) Act 2020), 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.

I confirm that these Annual Accounts were approved for signature by the Scrutiny Committee at its meeting on 26 October 2022.

Signed on behalf of Dundee City Council



**Councillor John Alexander**  
**Leader of the Council**  
**26 October 2022**

## The Responsibilities of the Executive Director of Corporate Services

The Executive Director of Corporate Services is responsible for the preparation of the Council's annual accounts in accordance with proper practices as required by legislation and set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the annual accounts, the Executive Director of Corporate Services 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 Code of Practice (in so far as it is compatible with legislation).

The Executive Director of Corporate Services has also:

- kept proper 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 statements give a true and fair view of the financial position of the local authority (and its group) at the reporting date and the transactions of the local authority (and its group) for the year ended 31 March 2022.



**Robert Emmott BSc, CPFA**  
**Executive Director of Corporate Services**  
**Dundee City Council**  
**29 June 2022**

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

2020/2021				2021/2022		
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis (see below/MIRS) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis (see below/MIRS) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
156,135	6,223	162,358	Children & Families Services	168,790	11,501	180,291
80,178	3,773	83,951	Dundee Health & Social Care Partnership	88,991	6,954	95,945
27,786	45,575	73,361	City Development	18,775	51,036	69,811
24,824	4,517	29,341	Neighbourhood Services	20,965	7,340	28,305
11,764	262	12,026	Chief Executive	14,660	481	15,141
28,105	5,044	33,149	Corporate Services	31,716	7,569	39,285
(2,317)	1,230	(1,087)	DCS Construction	(564)	2,597	2,033
(2,144)	7,352	5,208	Housing Revenue Account	(1,473)	13,137	11,664
369	-	369	Discretionary NDR Relief	380	-	380
946	-	946	Tayside Valuation Joint Board	932	-	932
787	2,342	3,129	Miscellaneous Items	460	2,401	2,861
<b>326,433</b>	<b>76,318</b>	<b>402,751</b>	<b>Cost Of Services</b>	<b>343,632</b>	<b>103,016</b>	<b>446,648</b>
(353,313)	(26,815)	(380,128)	Other Income and Expenditure	(354,802)	(22,754)	(377,556)
<b>(26,880)</b>	<b>49,503</b>	<b>22,623</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(11,170)</b>	<b>80,262</b>	<b>69,092</b>
16,520			<b>Opening General Fund and HRA Balance</b>	50,574		
26,880			<b>Less / Add Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	11,170		
7,174			<b>Transfers to / from Other Reserves</b>	<b>(937)</b>		
<b>50,574</b>			<b>Closing General Fund and HRA Balance at 31 March *</b>	<b>60,807</b>		

\* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

**Expenditure and Funding Analysis (cont)**

This analysis provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Reserve to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

**Adjustments between Funding and Accounting Basis**

2020/2021				2021/2022				
Adjustments for Capital Purposes (Note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000
3	6,073	147	6,223	Children & Families Services	4	11,365	132	11,501
1	4,179	(407)	3,773	Dundee Health & Social Care Partnership	-	7,506	(552)	6,954
45,043	1,718	(1,186)	45,575	City Development	49,326	3,126	(1,416)	51,036
1,893	2,858	(234)	4,517	Neighbourhood Services	2,455	5,133	(248)	7,340
-	276	(14)	262	Chief Executive	-	492	(11)	481
1,724	3,403	(83)	5,044	Corporate Services	1,811	5,844	(86)	7,569
-	1,637	(407)	1,230	Construction	-	3,011	(414)	2,597
14,162	547	(7,357)	7,352	Housing Revenue Account	19,029	1,207	(7,099)	13,137
-	441	1,901	2,342	Miscellaneous Items	-	-	2,401	2,401
<b>62,826</b>	<b>21,132</b>	<b>(7,640)</b>	<b>76,318</b>	<b>Cost Of Services</b>	<b>72,625</b>	<b>37,684</b>	<b>(7,293)</b>	<b>103,016</b>
<b>(35,889)</b>	<b>1,380</b>	<b>7,694</b>	<b>(26,815)</b>	<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(33,147)</b>	<b>3,105</b>	<b>7,288</b>	<b>(22,754)</b>
<b>26,937</b>	<b>22,512</b>	<b>54</b>	<b>49,503</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>39,478</b>	<b>40,789</b>	<b>(5)</b>	<b>80,262</b>

**Notes**

1) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

**Other operating expenditure** - adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

**Financing and investment income and expenditure** - the statutory charges for capital financing ie loan repayments and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. **Taxation and non-specific grant income and expenditure** - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For **services** 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.

For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

3) Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable /receivable to be recognised under statute:

For services this represents the inclusion of a charge for short-term accumulating compensating absences, mainly relating to accrued annual leave entitlement. Allocations of insurance costs and impairment allowances on trade debtors have been included.

For Financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the re-measurement of the revenue costs / income associated with financial instruments.

For Financing and investment income and expenditure - the other differences column recognises interest payable / receivable on the Housing Revenue Account being reclassified as a corporate cost.

**Subjective Analysis of Surplus or Deficit on the Provision of Services**

<b>2020/2021</b>		<b>2021/2022</b>
<b>£000</b>		<b>£000</b>
274,104	Employee benefit expenses	300,632
377,309	Other service expenses	391,343
2,912	Support service recharges	3,058
75,309	Depreciation, amortisation and impairment	84,838
27,665	Interest payments	32,107
946	Precepts and levies	932
758,245	<b>Total Expenditure</b>	<b>812,910</b>
(197,950)	Fees, charges and other service income	(191,129)
(1,547)	Interest and investment income	(1,995)
(56,379)	Income from Council Tax	(57,925)
(479,510)	Government grants and contributions	(492,470)
(236)	Gain on disposal of non-current assets	(299)
(735,622)	<b>Total Income</b>	<b>(743,818)</b>
<b>22,623</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>69,092</b>

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 or rents. Councils raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/2021				2021/2022			Unaudited 2021/2022 Budgeted Net Expenditure/ (Income) £000
Gross Expend £000	Gross Income £000	Net Expend / (Income) £000		Gross Expend £000	Gross Income £000	Net Expend / (Income) £000	
199,995	(37,637)	162,358	Children & Families Services	218,164	(37,873)	180,291	185,137
218,157	(134,206)	83,951	Dundee Health & Social Care Partnership	236,136	(140,191)	95,945	95,945
90,859	(17,498)	73,361	City Development	90,426	(20,615)	69,811	73,544
39,182	(9,841)	29,341	Neighbourhood Services	39,819	(11,514)	28,305	31,729
13,201	(1,175)	12,026	Chief Executive	16,653	(1,512)	15,141	17,544
90,786	(57,637)	33,149	Corporate Services	93,542	(54,257)	39,285	42,478
6,730	(7,817)	(1,087)	DCS Construction	9,653	(7,620)	2,033	1,753
60,224	(55,016)	5,208	Housing Revenue Account	66,659	(54,995)	11,664	12,050
369	-	369	Discretionary NDR Relief	380	-	380	392
946	-	946	Tayside Valuation Joint Board	932	-	932	963
3,831	(702)	3,129	Miscellaneous Items	3,643	(782)	2,861	1,304
<b>724,280</b>	<b>(321,529)</b>	<b>402,751</b>	<b>Cost Of Services</b>	<b>776,007</b>	<b>(329,359)</b>	<b>446,648</b>	<b>462,839</b>
		(383)	Other Operating Expenditure (note 5)			(3)	24
		30,080	Financing and Investment Income and Expenditure (note 6)			32,245	35,082
		(409,825)	Taxation and Non-Specific Grant Income (note 7)			(409,798)	(408,349)
		<b>22,623</b>	<b>Deficit on Provision of Services</b>			<b>69,092</b>	<b>89,596</b>
		3,689	(Surplus) or Deficit on revaluation of non-current assets			(14,439)	(14,439)
		1,041	Impairment losses on non-current assets charged to the Revaluation Reserve			1,717	1,717
		(357)	(Surplus) or Deficit on financial assets measured at fair value through other comprehensive income			(18)	(18)
		(56,038)	Remeasurements of the net defined benefit liability (asset)			(108,951)	(108,951)
		<b>(51,665)</b>	<b>Other Comprehensive (Income) / Expenditure</b>			<b>(121,691)</b>	<b>(121,691)</b>
		<b>(29,042)</b>	<b>Total Comprehensive (Income) / Expenditure</b>			<b>(52,599)</b>	<b>(32,095)</b>

**Movement in Reserves Statement**

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2020/2021	<u>Revenue Reserves</u>				<u>Capital Reserves</u>		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	General Fund Balance £000	HRA Balance £000	Renewal & Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000			
<b>Balance at 31 March 2020 brought forward</b>	<b>(16,520)</b>	-	<b>(9,301)</b>	<b>(3,312)</b>	<b>(11,749)</b>	<b>(632)</b>	<b>(41,514)</b>	<b>(703,765)</b>	<b>(745,279)</b>
<b>Movement in Reserves during 2020/2021</b>									
Total Comprehensive Income & Expenditure	10,448	12,175	-	-	-	-	<b>22,623</b>	(51,665)	<b>(29,042)</b>
Adjustments to Usable Reserves Permitted by Accounting Standards	(9,850)	(14,403)	-	-	-	-	<b>(24,253)</b>	24,253	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 9/EFA)	(25,334)	84	-	-	(1,500)	-	<b>(26,750)</b>	26,750	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>	<b>(24,736)</b>	<b>(2,144)</b>	-	-	<b>(1,500)</b>	-	<b>(28,380)</b>	<b>(662)</b>	<b>(29,042)</b>
Transfers to/(from) Earmarked Reserves	(9,318)	2,144	(2,166)	1,088	8,256	(4)	-	-	-
<b>(Increase)/ Decrease in 2020/2021</b>	<b>(34,054)</b>	-	<b>(2,166)</b>	<b>1,088</b>	<b>6,756</b>	<b>(4)</b>	<b>(28,380)</b>	<b>(662)</b>	<b>(29,042)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(50,574)</b>	-	<b>(11,467)</b>	<b>(2,224)</b>	<b>(4,993)</b>	<b>(636)</b>	<b>(69,894)</b>	<b>(704,427)</b>	<b>(774,321)</b>

2021/2022	Revenue Reserves				Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
	General Fund Balance £000	HRA Balance £000	Renewal & Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000			
<b>Balance at 31 March 2021 brought forward</b>	<b>(50,574)</b>	<b>-</b>	<b>(11,467)</b>	<b>(2,224)</b>	<b>(4,993)</b>	<b>(636)</b>	<b>(69,894)</b>	<b>(704,427)</b>	<b>(774,321)</b>
<b>Movement in Reserves during 2021/2022</b>									
Total Comprehensive Income & Expenditure	50,643	18,449	-	-	-	-	69,092	(121,691)	(52,599)
Adjustments to Usable Reserves Permitted by Accounting Standards	(11,408)	(13,865)	-	-	-	-	(25,273)	25,273	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 9/EFA)	(48,706)	(6,283)	-	-	279	-	(54,710)	54,710	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>	<b>(9,471)</b>	<b>(1,699)</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>-</b>	<b>(10,891)</b>	<b>(41,708)</b>	<b>(52,599)</b>
Transfers to/(from) Earmarked Reserves	(762)	1,699	(1,703)	766	3,000	(3,000)	-	-	-
<b>(Increase)/ Decrease in 2021/2022</b>	<b>(10,233)</b>	<b>-</b>	<b>(1,703)</b>	<b>766</b>	<b>3,279</b>	<b>(3,000)</b>	<b>(10,891)</b>	<b>(41,708)</b>	<b>(52,599)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(60,807)</b>	<b>-</b>	<b>(13,170)</b>	<b>(1,458)</b>	<b>(1,714)</b>	<b>(3,636)</b>	<b>(80,785)</b>	<b>(746,135)</b>	<b>(826,920)</b>



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. Reserves are reported in two categories. The first category is usable reserves, i.e. those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Fund that may only be used to fund capital expenditure or repay debt). The second category is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2021 £000</b>			<b>31 March 2022 £000</b>
<b>1,581,611</b>	Property, Plant & Equipment	27	1,583,545
<b>8,382</b>	Heritage Assets	42	8,382
<b>13,731</b>	Investment Property	24	13,573
<b>2,172</b>	Intangible Assets	25	2,487
<b>29</b>	Long Term Investments	37	29
<b>13,360</b>	Long Term Debtors	37/44	13,090
<b>1,619,285</b>	<b>Long Term Assets</b>		<b>1,621,106</b>
<b>3,899</b>	Short Term Investments	37	3,918
<b>1,048</b>	Inventories	-	906
<b>71,573</b>	Short Term Debtors	31	60,731
<b>-</b>	Cash and Cash Equivalents	16	36,841
<b>5,219</b>	Assets held for sale	30	4,593
<b>81,739</b>	<b>Current Assets</b>		<b>106,989</b>
<b>(51,242)</b>	Short Term Borrowing	37	(35,010)
<b>(85,006)</b>	Short Term Creditors	32/37	(108,342)
<b>(2,469)</b>	Cash and Cash Equivalents	16	-
<b>(138,717)</b>	<b>Current Liabilities</b>		<b>(143,352)</b>
<b>(4,006)</b>	Provisions	33	(4,927)
<b>(492,347)</b>	Long Term Borrowing	37	(515,325)
<b>(135,076)</b>	Pension Liability	12/20	(66,915)
<b>(151,598)</b>	Other Long Term Liabilities	43	(164,188)
<b>(4,959)</b>	Grants Receipts in Advance	36	(6,468)
<b>(787,986)</b>	<b>Long Term Liabilities</b>		<b>(757,823)</b>
<b>774,321</b>	<b>Net Assets</b>		<b>826,920</b>
<b>69,894</b>	Usable Reserves	11	80,785
<b>704,427</b>	Unusable Reserves	12	746,135
<b>774,321</b>	<b>Total Reserves</b>		<b>826,920</b>



**Robert Emmott BSc, CPFA**  
**Executive Director of Corporate Services**  
**Dundee City Council**  
**29 June 2022**

The notes on pages 60 to 123 form part of the financial statements.

The Cash Flow 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.

<b>2020/2021</b> <b>£000</b>		<b>2021/2022</b> <b>£000</b>
<b>22,623</b>	<b>Net deficit on the provision of services</b>	<b>69,092</b>
(104,609)	Adjust net (surplus) on the provision of services for non cash movements	(165,867)
4,253	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	1,335
(77,733)	Net cash flows from Operating Activities	(95,440)
44,463	Investing Activities (note 14)	58,397
57,608	Financing Activities (note 15)	(2,267)
<b>24,338</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>(39,310)</b>
21,869	Cash and cash equivalents at the beginning of the reporting period	(2,469)
<b>(2,469)</b>	<b>Cash and cash equivalents at the end of the reporting period (note 16)</b>	<b>36,841</b>

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## 1 Accounting Policies

### A. General Principles

The Annual Accounts summarise the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare Annual Accounts by The Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that they be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The accounts have been prepared on a going concern basis. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### B. 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 those rendered by the Council's 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.
- 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of Non-Domestic Rates, Scottish Water Charges etc), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

### C. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents comprise short term lending that is repayable on demand or within 3 months of the Balance Sheet date and that is readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### D. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or when 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 and it is material to the financial statements, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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

Services are debited with the following amounts 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
- amortisation of intangible assets attributable to the service

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement, equal to the Statutory Repayment of Loans Fund Advances. Depreciation (historic cost element), revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (the Statutory Repayment of Loans Fund Advances), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. The charge to services for the current value element of depreciation is offset by a transfer from the Revaluation Reserve in the Movement in Reserves Statement.

## F. Employee Benefits

### Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees, 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 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 Surplus or Deficit on the Provision of Services, but then the element relating to accrued holiday entitlements is reversed out through the Movement in Reserves Statement so that holiday entitlements 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 employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. 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 Local Government Pension Scheme (Tayside Pension Fund), a defined benefits scheme which is administered by the Council.
- the Teachers' Scheme, an unfunded scheme administered nationally by the Scottish Public Pensions Agency.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, 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 and no liability for future payments of benefits is recognised in the Balance Sheet. The Children & Families Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

### *The Local Government Pension Scheme*

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

- The liabilities of the Tayside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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 bond, iBoxx AA rated over 15 year corporate bond index.

The assets of the Tayside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value
- The change in the net pensions liability is analysed into the following components:
  - Service Cost* comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Miscellaneous Items.
    - net interest on the net defined benefit liability/asset, ie net interest expense for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
  - Remeasurements* comprising:
    - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - contributions paid to the Tayside Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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 transfers 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 on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### *Discretionary Benefits*

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

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

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are 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 Annual Accounts are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect 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 Annual 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 carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited accordingly to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. 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

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. They are subsequently 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 financial assets held by the Council, 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.

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

### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are

assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

#### Financial Assets Measured at Fair Value Through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### **J. 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 in the form of 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 transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Grant Receipts in Advance). 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 & Receipts Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants & Receipts Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### **K. Heritage Assets**

The Council's Heritage Assets, which are primarily held in the McManus Art Gallery and Museum and the Central Library, are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of Dundee and the surrounding area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets are also presented below.

The Council's collections of heritage assets are accounted for as follows:

##### Museum and Art Gallery Collections

The collections of the McManus Art Gallery and Museum form the major part of the heritage assets held by the Council. These collections have been built up over a period of 150 years and are used for reference, research and education. Items recognised in the Balance Sheet, mainly relating to the Fine Art Collection, are reported at insurance valuation which is based on market values. The assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.



#### Other Heritage Assets

The McKenzie Photographic Collection and the Desperate Dan statue, previously recognised in the Council's balance sheet as Community assets, have been reclassified as Heritage assets. These assets are held in the Balance Sheet at cost as the cost of obtaining valuations would be disproportionate in relation to the benefits to the users of the Council's financial statements. These assets are deemed to have indeterminate lives, hence the Council does not consider it appropriate to charge depreciation.

#### Heritage Assets Not Recognised in the Balance Sheet

In addition to the above, the Council holds heritage assets which, in light of the relaxation of measurement rules, are not recognised in the Balance Sheet. These include some collections in the Council's museums, galleries and libraries as well as civic regalia, statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Dundee. The Council considers that, due to the diverse nature of the assets held and the lack of comparable values, the cost of obtaining valuations would be disproportionate in relation to the benefits to the users of the Council's financial statements. As a result, fair value information is unavailable and cost information is also unknown. These assets are therefore not recognised in the Balance Sheet, however, detailed information regarding them is held on relevant databases.

#### Heritage Assets – Impairment

Whilst heritage assets are not revalued regularly, the carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

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

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

#### **M. Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is generally assigned using the weighted average costing formula. Where inventories are acquired through a non-exchange transaction, they are included in the Balance Sheet at their fair value at the date of acquisition. Where inventories are held for distribution at no charge or for a nominal charge, or for consumption in the production process of such goods, then their value is measured at the lower of cost or current replacement cost. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

#### **N. 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. 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.

#### **O. 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, plant or equipment 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 currently has no assets

acquired under finance leases or leased to third parties on finance lease. Accounting policies for operating leases are set out below.

#### The Council as Lessee

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 a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

Sale and Leaseback Transaction - where an analysis under SIC 27 (Standards Interpretation Committee 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease) indicates that the arrangement is not, in substance, a sale and leaseback but instead is a financing arrangement, the leasing requirements of the Code are not applied. Instead, the sale proceeds transferred are treated as the advance of a loan and the subsequent lease payments are treated as repayments of that loan. The loan is recognised and measured in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The underlying asset is not derecognised by the seller/lessee.

#### The Council as Lessor

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 as a non-current asset and continues to be subject to depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is credited to the appropriate service line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a premium paid at the commencement of the lease). Any initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **P. Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

### **Q. 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
- the initial estimate of costs for dismantling and removing the item and restoring the site on which it is located

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

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

- community assets and assets under construction – historical cost
- infrastructure and vehicles, plant & equipment – depreciated historical cost
- council dwellings – current value, determined using the basis of existing use value for social housing (EUV - SH)
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective

- other land & buildings – current value, determined as 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 current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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 would be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service. Where decreases in value are identified, the revaluation loss is 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)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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 an asset 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)
- where there is no balance in the Revaluation Reserve or insufficient balance, 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.

#### Assets Held for Sale / 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 losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been reclassified as Held for Sale, and their recoverable amount at the date of the decision not to sell. 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 disposals are categorised as capital receipts. Receipts are required to be credited to the Capital Fund, 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 Fund from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed 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. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (ie, assets under construction).

Depreciation is calculated on the following bases:

- council dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight line allocation over between 3 and 10 years.
- infrastructure – straight-line allocation over between 10 and 30 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. 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 General Fund Balance in the Movement in Reserves Statement.

#### **R. Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar 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 PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment 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 PFI 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 PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – posted to the Balance Sheet as additions to Property, Plant and Equipment but determined as non-value adding.

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

##### Provisions – General

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – 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 if it is virtually certain that reimbursement will be received 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 are 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 are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **T. Reserves**

Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and these reserves do not represent usable resources for the Council. Further information on the Council's reserves is contained in notes 11 and 12.

### **U. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **V. 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. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible assets held by the Council meet this criterion, and they are therefore carried at amortised cost. 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. As 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, for sale proceeds, to the Capital Receipts Reserve.

### **W. Fair Value Measurement**

The Council measures some of its non-financial assets and some of its financial instruments at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling to another market participant that would use the asset in its highest and best use.

The 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 the 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.

## **2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

We are not anticipating any accounting changes to be introduced in the 2022//2023 Code of Practice. The implementation of IFRS 16 Leases is anticipated to be deferred to the 2024/25 Code of Practice.

## **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 Annual Accounts are:

- The Council is deemed to control the services provided under the PPP contract with Discovery Education PLC to construct, maintain and facilities-manage six new primary schools and two new secondary schools in the city. The Council is also deemed to control the residual value of the schools at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the schools (valued at £113m as at 31 March 2022) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- The Council is deemed to control the services provided under the DBFM contract with Hub East Central (Baldragon) Limited to construct, maintain and facilities-manage a new secondary school in the city. The Council is also deemed to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the school (valued at £26m as at 31 March 2022) is recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- The Council is deemed to control the services provided under the long term waste disposal contract with MVV Environment Baldovie Limited (MEB). The existing DERL plant is being utilised by MEB to deliver the contractual requirements alongside the new plant constructed on an adjacent site. The new plant was constructed by MEB and will be maintained by them. The Council is also deemed to control the residual value of the new plant at the end of the contract. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the Council's share of the plant (valued at £65m as at 31 March 2022) is recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- During 2019/2020, Dundee House (an administrative building) was sold to Canada Life with the Council then entering into a 40 year lease with Canada Life for the continued occupation of Dundee House. The sale price was £23.8m. In accounting terms, the transaction has been treated as a financing arrangement, with the asset continuing to be recognised in the Council's balance sheet and a long-term liability equivalent to the sale price less financing repayments also being recognised.
- As in 2020/2021, the Council received a significant amount of additional funding from the Scottish Government to help deal with the Covid-19 pandemic. In order to determine the appropriate accounting treatment, judgements have been required around whether the Council has been acting as Principal or Agent in relation to the administration of each additional funding stream.

## **4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1.8m for every year that useful lives had to be reduced.
Provisions	The Council has made provisions for certain liabilities where there is a degree of uncertainty as to the amount and / or timing of settlement. Detailed information on provisions is provided in note 34.	The total value of provisions in the Council's balance sheet at 31 March 2022 is £4.927m. If eventual settlement of the related liabilities is higher than the amounts currently provided for, then an additional charge would require to be made.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions 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 £30.6m. However, the assumptions interact in complex ways. During 2021/2022, the Council's actuaries advised that the net pensions liability had decreased by £68.2m. The decrease was due to a number of factors: the Current Service Cost for 2021/2022 was higher than the employer's pension contributions to the scheme, there was a positive return on plan assets and an actuarial loss arising from changes in financial assumptions.
Debtors /Non-collection Provisions	At 31 March 2022, the Council has a gross balance for short-term sundry debtors of £102.414m, including local taxation and housing rent debtors. A review of the different categories of debt has concluded that an overall allowance for impairment of £41.683m is appropriate. However, while representing our best estimate, in the current economic climate it is not certain that these allowances would be sufficient. Detailed information on debtor impairment allowances is provided in note 33.	If collection rates were to deteriorate, an increase in the amount provided for doubtful debts would require to be charged.

**5 Comprehensive Income and Expenditure Statement – Other Operating Expenditure**

2020/2021 £000		2021/2022 £000
(236)	(Gains) / losses on the disposal of non current assets	(299)
(147)	Impairment of Assets Held for Sale	296
<b>(383)</b>	<b>Total</b>	<b>(3)</b>

**6 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

2020/2021 £000		2021/2022 £000
27,665	Interest payable and similar charges	32,107
4,129	Net interest on the net defined benefit liability (asset)	3,105
(629)	Interest receivable and similar income	(613)
1,500	Changes in the fair value of investment properties	158
(918)	Net income from investment properties	(1,382)
(541)	Share of Tayside Contracts surplus	(432)
(1,943)	Scottish Government contribution to DBFM interest costs	(1,938)
817	Trade Debtors Impairment Allowance	1,240
<b>30,080</b>	<b>Total</b>	<b>32,245</b>

**7 Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income**

2020/2021 £000		2021/2022 £000
(56,379)	Council Tax Income	(57,925)
(32,888)	Contribution from national non domestic rates pool	(26,821)
(297,886)	Non-ring-fenced government grants	(304,250)
(22,672)	Capital grants and contributions	(20,802)
<b>(409,825)</b>	<b>Total</b>	<b>(409,798)</b>

Non-domestic rate income as reported under taxation and non-specific grant income and expenditure 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 national pool but is retained by the Council.

	31 March 2021 £000	31 March 2022 £000
Distribution from non-domestic rate pool	32,888	26,821
Non-domestic rate income retained by authority (BRIS)	-	-
<b>Non-domestic rate income credited to the comprehensive income and expenditure statement</b>	<b>32,888</b>	<b>26,821</b>

**8 Comprehensive Income and Expenditure Statement – Material Items of Income and Expense**

There were no material items of income or expense in 2021/2022 that are not already disclosed on the face of the Consolidated Income and Expenditure Statement or elsewhere in the notes to the accounts.



**9 Movement in Reserves Statement – 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.

2020/2021	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2020/2021 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
<b>Adjustments involving the Capital Adjustment Account:</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non current assets	(38,323)	(10,890)	-	-	49,213	-
Movements in the market value of Investments Properties and Assets Held for Sale	(1,674)	321	-	-	1,353	-
Capital grants and contributions that have been applied to capital financing	22,093	(7)	-	-	(22,086)	-
Revenue expenditure funded from capital under statute	(491)	-	-	-	491	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(2,500)	(1,517)	-	-	4,017	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	12,446	11,131	-	-	(23,577)	-
Capital expenditure charged against the General Fund and HRA balances	1,888	-	-	-	(1,888)	-
<b>Adjustments involving the Capital Fund:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement and use of capital receipts to fund qualifying expenditure on service transformation or service redesign projects in 2020/2021	2,623	1,630	(2,893)	(1,360)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	2,893	-	(2,893)	-

**9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations – continued**

2020/2021 (continued)	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2020/2021 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to CIES	586	-	-	(586)	-	-
Capital grants and contributions applied to finance new capital expenditure	-	-	-	446	( 446)	-
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
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	217	103	-	-	( 320)	-
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 20)	(45,379)	(1,477)	-	-	46,856	-
Employer's pensions contributions & direct payments to pensioners payable in the year	23,558	786	-	-	(24,344)	-
<b>Adjustments involving the Employee Statutory Adjustment Account:</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(378)	4	-	-	374	-
<b>Total Adjustments 2020/2021</b>	<b>(25,334)</b>	<b>84</b>	<b>-</b>	<b>(1,500)</b>	<b>26,750</b>	<b>-</b>

**9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations**

2021/2022	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2021/2022 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
<b>Adjustments involving the Capital Adjustment Account:</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non current assets	(42,011)	(16,924)	-	-	58,935	-
Movements in the market value of Investments Properties and Assets Held for Sale	(720)	266	-	-	454	-
Capital grants and contributions that have been applied to capital financing	19,871	-	-	-	(19,871)	-
Revenue expenditure funded from capital under statute	(172)	-	-	-	172	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(755)	(281)	-	-	1,036	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	10,937	11,480	-	-	(22,417)	-
Capital expenditure charged against the General Fund and HRA balances	2,046	-	-	-	(2,046)	-
<b>Adjustments involving the Capital Fund:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement and use of capital receipts to fund qualifying expenditure on service transformation or service redesign projects in 2021/2022	1,040	295	-	-	(1,335)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(3,000)	3,000	-	-

9 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations – continued

2021/2022 (continued)	Usable Reserves			Capital Grants & Receipts Unapplied Account £000	Movement in Unusable Reserves £000	Total 2021/2022 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000			
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to CIES	729	-	-	(729)	-	-
Capital grants and contributions applied to finance new capital expenditure	-	-	-	1,008	(1,008)	-
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
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	230	90	-	-	( 320)	-
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 20)	(63,535)	(2,004)	-	-	65,539	-
Employer's pensions contributions & direct payments to pensioners payable in the year	23,952	797	-	-	(24,749)	-
<b>Adjustments involving the Employee Statutory Adjustment Account:</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(318)	(2)	-	-	320	-
<b>Total Adjustments 2021/2022</b>	<b>(48,706)</b>	<b>(6,283)</b>	<b>-</b>	<b>279</b>	<b>54,710</b>	<b>-</b>

**10 Movement in Reserves Statement – Transfers to/from Earmarked Reserves**

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

<b>2021/2022</b>	<b>Balance at 1 April 2021 £000</b>	<b>Transfers Out 2021/2022 £000</b>	<b>Transfers In 2021/2022 £000</b>	<b>Balance at 31 March 2022 £000</b>	<b>Purpose of the Earmarked Reserve</b>
<b>General Fund</b>					
Car Parking Balances	-	-	(144)	(144)	To fund future car parking projects
Second Homes etc Discount Reduction*	(1,650)	-	(303)	(1,953)	To fund new social housing
Organisational Change Fund	(2,733)	74	-	(2,659)	To fund service transformation initiatives
Budget Carry Forwards - Covid Funding	(9,800)	9,800	(4,390)	(4,390)	To fund underspends carried forward from previous year
Budget Carry Forwards - Other	(1,096)	1,096	(5,201)	(5,201)	To fund underspends carried forward from previous year
Covid Costs 2021-2024	(19,023)	1,023	-	(18,000)	To fund Covid-related costs and income shortfalls
Covid Recovery Fund	(3,000)	-	-	(3,000)	To fund Covid recovery initiatives
Service Change Fund	(5,000)	-	-	(5,000)	To fund service change initiatives
Dundee Partnership Festivals & Events Fund	(78)	-	-	(78)	To fund future events
Regional Performance Centre	(128)	-	(64)	(192)	To fund asset replacements
Inflationary pressures	-	-	(5,472)	(5,472)	To fund known inflationary pressures
Roof maintenance cost pressures	-	-	(4,400)	(4,400)	To fund additional roof maintenance cost pressures
Scientific Services	-	-	(288)	(288)	To fund decrease in external financial contributions
Local elections 2022	-	-	(237)	(237)	To fund local government elections 2022/23
<b>Total - Earmarked Balances</b>	<b>(42,508)</b>	<b>11,993</b>	<b>(20,499)</b>	<b>(51,014)</b>	
Uncommitted General Fund Balances	(8,066)	-	(1,727)	(9,793)	To fund unforeseen / emergency expenditure
<b>Total - General Fund Balances</b>	<b>(50,574)</b>	<b>11,993</b>	<b>(22,226)</b>	<b>(60,807)</b>	

**10 Movement in Reserves Statement – Transfers to/from Earmarked Reserves (continued)**

2020/2021	Balance at 1 April 2020 £000	Transfers Out 2020/2021 £000	Transfers In 2020/2021 £000	Balance at 31 March 2021 £000	Purpose of the Earmarked Reserve
<b>General Fund</b>					
Car Parking Balances	(93)	563	(470)	-	To fund future car parking projects
Second Homes etc Discount Reduction*	(1,092)	-	(558)	(1,650)	To fund new social housing
Organisational Change Fund	(3,050)	317	-	(2,733)	To fund service transformation initiatives
Budget Carry Forwards - Covid Funding	-	-	(9,800)	(9,800)	To fund underspends carried forward from previous year
Budget Carry Forwards - Other	(2,375)	2,375	(1,096)	(1,096)	To fund underspends carried forward from previous year
Covid Costs 2021-2024	-	-	(19,023)	(19,023)	To fund Covid-related costs and income shortfalls
Covid Recovery Fund	-	-	(3,000)	(3,000)	To fund Covid recovery initiatives
Service Change Fund	-	-	(5,000)	(5,000)	To fund service change initiatives
Dundee Partnership Festivals & Events Fund	(84)	6	-	(78)	To fund future events
Regional Performance Centre	(64)	-	(64)	(128)	To fund asset replacements
Sale of DERL - Warranties	(1,750)	1,750	-	-	To fund any future liabilities arising
<b>Total - Earmarked Balances</b>	<b>(8,508)</b>	<b>5,011</b>	<b>(39,011)</b>	<b>(42,508)</b>	
Uncommitted General Fund Balances	(8,012)	-	(54)	(8,066)	To fund unforeseen / emergency expenditure
<b>Total - General Fund Balances</b>	<b>(16,520)</b>	<b>5,011</b>	<b>(39,065)</b>	<b>(50,574)</b>	

\* This is a mandatory earmarked balance, being required by legislation. The remainder of the earmarked balances shown above are voluntary, being established at the Council's discretion.

**11 Balance Sheet – Usable Reserves**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 9 and 10 above.

**12 Balance Sheet – Unusable Reserves**

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
(580,153)	Revaluation Reserve	(567,151)
(352)	Financial Instruments Revaluation Reserve	(369)
(284,184)	Capital Adjustment Account	(270,717)
12,884	Financial Instruments Adjustment Account	12,563
135,076	Pensions Reserve	66,915
12,302	Employee Statutory Adjustment Account	12,624
<b>(704,427)</b>	<b>Total Unusable Reserves</b>	<b>(746,135)</b>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

<b>2020/2021</b>		<b>2021/2022</b>
<b>£000</b>		<b>£000</b>
<b>(610,350)</b>	<b>Balance at 1 April</b>	<b>(580,153)</b>
(9,058)	Upward revaluation of assets	(16,575)
13,788	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	3,853
4,730	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(12,722)
24,253	Difference between fair value depreciation and historical cost depreciation	25,273
1,214	Accumulated gains on assets sold or scrapped	451
<b>(580,153)</b>	<b>Balance at 31 March</b>	<b>(567,151)</b>

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2020/2021 £000		2021/2022 £000
<b>5</b>	<b>Balance at 1 April</b>	<b>(352)</b>
(357)	Upward revaluation of investments	(17)
-	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
(357)		(17)
<b>(352)</b>	<b>Balance at 31 March</b>	<b>(369)</b>

### **Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/2021 £000		2021/2022 £000
<b>(287,154)</b>	<b>Balance at 1 April</b>	<b>(284,184)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
49,213	Charges for depreciation and impairment of non current assets	58,935
491	Revenue expenditure funded from capital under statute	177
4,017	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	1,036
53,721		60,148
(1,214)	Adjusting amounts written out of the Revaluation Reserve	(456)
52,507	Net written out amount of the cost of non current assets consumed in the year	59,692
	Capital financing applied in the year:	
(2,893)	Use of the Capital Fund to finance new capital expenditure	(1,335)
(22,086)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(19,873)
(446)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,008)
(23,577)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(22,417)
(1,888)	Capital expenditure charged against the General Fund and HRA balances	(2,046)
(50,890)		(46,679)
1,353	Movements in the market value of Investment Properties and Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	454
<b>(284,184)</b>	<b>Balance at 31 March</b>	<b>(270,717)</b>



**Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences 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 premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2020/2021 £000		2021/2022 £000
<b>13,204</b>	<b>Balance at 1 April</b>	12,884
(306)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(306)
(14)	Difference in interest on stepped rate loans (existing 31 March 2007)	(15)
(320)	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	(321)
<b>12,884</b>	<b>Balance at 31 March</b>	<b>12,563</b>

The balance on the Financial Instruments Adjustment Account relates to:

31 March 2021 £000		31 March 2022 £000
11,386	Premiums and discounts associated with the refinancing of loans	11,080
1,492	Borrowing where the loan is a stepped interest rate loan	1,477
6	Loans to third parties granted at less than market interest rates	6
<b>12,884</b>		<b>12,563</b>

**Pensions Reserve**

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

2020/2021 £000		2021/2022 £000
<b>168,602</b>	<b>Balance at 1 April</b>	<b>135,076</b>
(55,762)	Actuarial (gains) or losses on pensions assets and liabilities	(108,599)
(276)	Difference between actuarial pensions contribution figure and actual pensions contribution figure	(352)
46,856	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	65,539
(24,344)	Employer's pensions contributions and direct payments to pensioners payable in the year	(24,749)
<b>135,076</b>	<b>Balance at 31 March</b>	<b>66,915</b>

**Employee Statutory Adjustment Account**

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/2021 £000		2021/2022 £000
11,928	<b>Balance at 1 April</b>	12,302
(11,928)	Settlement or cancellation of accrual made at the end of the preceding year	(12,302)
12,302	Amounts accrued at the end of the current year	12,624
374	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	322
<b>12,302</b>	<b>Balance at 31 March</b>	<b>12,624</b>

The above balance relates entirely to untaken holidays.

**13 Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

2020/2021 £000		2021/2022 £000
(601)	Interest received	(613)
28,397	Interest paid	32,107
(144)	Dividends received	(136)

**14 Cash Flow Statement – Investing Activities**

2020/2021 £000		2021/2022 £000
48,464	Purchase of property, plant and equipment, investment property and intangible assets	58,583
3,365	Other payments for investing activities	1,525
(4,253)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,335)
(3,113)	Other receipts from investing activities	(376)
<b>44,463</b>	<b>Net cash flows from investing activities</b>	<b>58,397</b>

**15 Cash Flow Statement – Financing Activities**

2020/2021 £000		2021/2022 £000
(5,000)	Cash receipts of short and long-term borrowing	(30,000)
	- Other Receipts from Financing Activities - Financing Arrangement	-
7,193	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,549
55,415	Repayments of short- and long-term borrowing	23,184
<b>57,608</b>	<b>Net cash flows from financing activities</b>	<b>(2,267)</b>

**Reconciliation of Liabilities Arising from Financing Activities**

	1 April 2021 £000	Financing Cash Flows £000	Non-cash Acquisition £000	Changes Other £000	31 March 2022 £000
Long-term Borrowings	(492,347)	(22,992)	-	14	(515,325)
Short-term Borrowings	(51,242)	16,176	-	56	(35,010)
Financing Arrangement Liabilities	(23,212)	341	-	1	(22,870)
On Balance Sheet PFI Liabilities	(132,843)	4,208	(17,242)	1	(145,876)
<b>Total Liabilities from Financing</b>	<b>(699,644)</b>	<b>(2,267)</b>	<b>(17,242)</b>	<b>72</b>	<b>(719,081)</b>

**16 Cash Flow Statement – Cash and Cash Equivalents**

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

31 March 2021 £000		31 March 2022 £000
302	Cash held by the Council	249
(11,871)	Bank current accounts	(3,416)
9,100	Short-term deposits with banks and building societies	40,008
<b>(2,469)</b>	<b>Total cash and cash equivalents</b>	<b>36,841</b>

**17 Agency Services**

Within certain of the Council's services work is undertaken on behalf of other local authorities and other government bodies.:

	2020/2021 (Income) £000	2020/2021 Expenditure £000	2021/2022 (Income) £000	2021/2022 Expenditure £000
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The main items of income and related expenditure which are included in the Comprehensive Income and Expenditure Accounts are:

**Non-Covid:**

Special Education services to Various Local Authorities	(1,229)	1,229	(1,023)	1,023
Scottish Water Income	(562)	-	(563)	-
Improvement Service - Implementation of National Entitlement Card	(713)	713	(1,452)	1,452

**Covid:**

£400 - Payments to teachers	-	-	(322)	322
Omicron Impact Payments	-	-	(165)	165

The main items of income and related expenditure which are not included in the Comprehensive Income and Expenditure Accounts are:

**Non-Covid:**

Tay Cities Region Deal	(18,711)	18,711	(38,841)	38,841
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**Covid:**

SG - £500 Payments to staff	-	-	(2,485)	2,485
SG - Childcare Providers Funding	(572)	565	-	-
SG - Business Support Grants	(44,663)	44,384	(16,919)	16,335
SG - Taxi Drivers/Taxi Operators Grants	(1,370)	1,370	(1,152)	2,982
SG - Spring / Winter Hardship Grants	(1,222)	1,188	(20)	20
SG - Self Isolation Funding	(124)	124	(2,794)	2,794

SG - Brewer/ Nightclub Grants	(284)	280
SG - Provision of CO2 Monitors to 3rd Parties	(4)	4
	<b>(69,166)</b>	<b>68,284 (66,024) 66,703</b>

### 18 External Audit Costs

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

	2020/2021 £000	2021/2022 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	365	373
<b>Total</b>	<b>365</b>	<b>373</b>

### 19 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by The Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2021/22, the Council paid £20.3m to Teachers' Pensions in respect of teachers' retirement benefits, representing 31.4% of pensionable pay. The figures for 2020/21 were £19.94m and 31.4%. There were no contributions remaining payable at the year-end. 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 on a defined benefit basis and included in note 29.

The total contributions expected to be made to the Scottish Public Pensions Agency by the Council in the year to 31 March 2023 are £21.4m.

### 20 Defined Benefit Pension Schemes

#### Participation in pension schemes

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

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

The Council also has liabilities for any discretionary pension payments outside the main scheme. These benefits are an unfunded defined benefit arrangement and liabilities are recognised when awards are made. There is no investment assets built up to meet the pensions liabilities for discretionary awards, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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 section (please refer to Note 1 item F for further details).

**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 required to be made against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

<b>Comprehensive Income and Expenditure Statement</b>	<b>Local Government Pension Scheme and Discretionary Benefits Arrangements</b>	
	<b>2020/2021 £000</b>	<b>2021/2022 £000</b>
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
• current service cost	42,268	61,707
• past service costs	52	33
• (Gains)/Losses on settlements and curtailments	407	694
<i>Financing and Investment Income and Expenditure</i>		
• net interest on the defined liability	3,679	2,461
• administration expenses	450	644
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<b>46,856</b>	<b>65,539</b>
<i>Other Post Employment Benefit Charged to the CIES</i>		
<i>Remeasurement gains or (losses) against net defined benefit liability comprising:</i>		
• Return on plan assets (excluding the amount included in the net interest expense)	368,219	(55,810)
• Other actuarial gains / (losses) on assets	(2,856)	-
• Changes in demographic assumptions	29,768	-
• Changes in financial assumptions	(356,964)	(55,712)
• Experience loss / (gain) on defined benefit obligation	17,595	2,923
• Difference between actuarial pensions contribution figure and actual pensions contribution figure	276	(352)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	<b>(9,182)</b>	<b>(43,412)</b>
<i>Movement in Reserves Statement</i>		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	46,856	65,539
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	24,344	24,749

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation (scheme liabilities):**

	<b>Year to 31 March 2021 £000</b>	<b>Year to 31 March 2022 £000</b>
Opening defined benefit obligation	1,390,059	1,735,432
Current service cost	42,268	61,707
Interest cost	32,213	34,297
Contributions by scheme participants	8,304	8,025
Remeasurement (gains) and losses:		

• Changes in financial assumptions	356,964	(55,712)
• Changes in demographic assumptions	(29,768)	-
• Experience loss / (gain) on defined benefit obligation	(17,595)	2,923
Curtailments	407	694
Benefits paid	(44,664)	(47,746)
Past service costs	52	33
Unfunded pension payments	(2,808)	(2,532)
<b>Closing defined benefit obligation</b>	<b>1,735,432</b>	<b>1,737,121</b>

#### Reconciliation of the opening and closing balances of the fair value of the scheme (plan) assets

	Year to 31 March 2021 £000	Year to 31 March 2022 £000
Opening fair value of fund assets	1,221,457	1,600,356
Interest	28,534	31,836
Remeasurement gains and (losses):		
• Return on plan assets, excluding the amount included in the net interest expense	368,219	55,810
• Other actuarial gains / (losses)	(2,856)	0
Employer contributions	24,620	25,101
Administration Expenses	(450)	(644)
Contributions by scheme participants	8,304	8,025
Benefits paid	(47,472)	(50,278)
<b>Closing fair value of fund assets</b>	<b>1,600,356</b>	<b>1,670,206</b>

#### Local Government Pension Scheme Assets

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

	31 March 2021 £000	%	31 March 2022 £000	%
<b>Equities</b>				
Consumer	127,325	8	131,788	8
Manufacturing	42,972	3	43,929	3
Energy and Utilities	27,057	2	30,413	2
Financial Institutions	141,649	9	128,409	8
Health and Care	84,353	5	97,996	6
Information Technology	146,424	9	135,167	8
Investment Funds Unit Trusts	385,157	24	435,914	26
Others	190,987	12	179,097	10
	<b>1,145,924</b>	<b>72</b>	<b>1,182,713</b>	<b>71</b>
<b>Gilts</b>				
Government Bonds	63,281	4	78,644	5
	<b>63,281</b>	<b>4</b>	<b>78,644</b>	<b>5</b>
<b>Other Bonds</b>				
Corporate Bonds (Investment Grade)	163,067	10	160,718	10
Investment Funds Unit Trusts	30,996	2	33,836	2
Others	14,824	1	4,834	-
	<b>208,887</b>	<b>13</b>	<b>199,388</b>	<b>12</b>
<b>Property</b>				
UK Property	146,271	9	182,132	11
Overseas Property	-	-	-	-

	146,271	9	182,132	11
<b>Cash</b>				
Cash and Cash Equivalents	32,863	2	27,329	1
Foreign Exchange	3,130	-	-	-
	<b>35,993</b>	<b>2</b>	<b>27,329</b>	<b>1</b>
<b>Total</b>	<b>1,600,356</b>	<b>100</b>	<b>1,670,206</b>	<b>100</b>

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.

	31 March 2021			31 March 2022		
	Quoted %	Unquoted %	Total %	Quoted %	Unquoted %	Total %
<b>Equities</b>	47	25	72	43	27	70
<b>Gilts</b>	4	-	4	5	-	5
<b>Other Bonds</b>	11	2	13	10	2	12
<b>Property</b>	9	-	9	11	-	11
<b>Cash etc</b>	2	-	2	2	-	2
<b>Total</b>	<b>73</b>	<b>27</b>	<b>100</b>	<b>71</b>	<b>29</b>	<b>100</b>

#### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about life expectancy rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Tayside Pension Fund being based on the latest full valuation of the scheme as at 31 March 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:

	31 March 2021	31 March 2022
Life expectancy (years) from age 65 for current pensioners i.e. those retiring today:		
Men	18.9	18.9
Women	22.2	22.3
Life expectancy (years) from age 65 for future pensioners i.e. those retiring in 20 years time:		
Men	20.2	20.3
Women	23.8	23.9
Rate of inflation (RPI)	3.25%	-
Rate of inflation (CPI)	2.85%	3.30%
Rate of increase in salaries	3.85%	4.30%
Rate of increase in pensions	2.85%	3.30%
Rate for discounting scheme liabilities	2.00%	2.60%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

#### 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:

	<b>Increase in Assumption £000</b>	<b>Decrease in Assumption £000</b>
Life expectancy (increase or decrease by 1 year)	88,721	(84,744)
Rate of increase in salaries (increase or decrease by 0.1%)	4,476	(4,446)
Rate of increase in pensions (increase or decrease by 0.1%)	26,439	(25,958)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(30,580)	31,159

### **Impact on Future Cash Flows**

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 total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 are £22.168m. The actuarial assumption for the duration of past service liabilities is 18 years (2020/2021: 18 years)

Expected contributions for the Discretionary Benefit Scheme in the year to 31 March 2023 are £2.662m.

### **Liability to Tayside Pension Fund for Other Entities Obligations**

Dundee City Council acts as guarantor for the pension fund liabilities of Leisure and Culture Dundee, Dundee Contemporary Arts Limited and Dundee Science Centre, in the event of any of these entities going into liquidation.

### **21 Events After the Reporting Period**

It is considered that there have been no events occurring between 1 April 2022 and 29 June 2022 that would require adjustments to the 2021/2022 Annual Accounts (i.e. no adjusting events). The latter date is the date on which the unaudited accounts were authorised for issue by the Executive Director of Corporate Services.



**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.

**Central Government**

Central government has effective control 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 the subjective analysis in the Expenditure and Funding Analysis on amounts reported to decision makers. Details of central government grants transactions are shown in note 37.

**Members**

Members of the Council have direct control over the Council’s financial and operating policies. The total of members’ allowances paid and further details of senior members’ remuneration are included in the Remuneration Report (page 40). Under the Councillors’ Code of Conduct, members are required to declare an interest in matters that directly or indirectly may influence, or be thought to influence, their actions as a Councillor. Membership of statutory Joint Boards or Committees, which are composed exclusively of elected members, does not raise any issue of declaration of interest in regard to Council business. In terms of any other relevant parties, those members with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties. A copy of the Register of Members Interest can be obtained from the [Council’s website](#).

**Officers**

Senior Officers have control over the Council’s financial and operating policies. The total remuneration paid to senior officers is shown in the Remuneration Report (page 46). Officers have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

**Pension Fund**

The Council is the administering authority for the Tayside Pension Fund. As administrator for the fund the Council is considered to have direct control over the fund, and the fund is therefore deemed to be a related party. The relevant transactions and balances with the fund to be disclosed are as follows:

During 2020/2021		As at 31 March 2021			During 2021/2022		As at 31 March 2022	
Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000		Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000
1,157	-	-	2,555	Tayside Pension Fund	1,193	-	-	918

**Other Entities Controlled or Significantly Influenced by the Council**

The following entities are deemed to be related parties of the Council, mainly through the Council’s ability to exert influence over these entities through its representation on their respective boards, the relevant transactions and balances with these bodies are as follows:

During 2020/2021		As at 31 March 2021			During 2021/2022		As at 31 March 2022	
Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000		Charges To £000	Charges From £000	Amounts Due From £000	Amounts Due To £000
4	-	-	-	Broughty Ferry NHT 2011 LLP	-	-	-	-
-	263	-	-	Design Dundee Ltd	-	-	-	-
-	12,250	-	-	Discovery Education PLC	-	12,674	-	-
19	694	153	7	Dovetail Enterprises (1993) Ltd	12	741	112	-
15	275	2	13	Dundee Contemporary Arts Ltd	18	216	18	78
115,497	84,385	-	8,621	Dundee Health & Social Care Integration Joint Board	96,486	96,486	-	11,249
-	40	-	-	Dundee Museums Foundation	-	-	-	-
36	2,657	270	-	Hub East Central (Baldragon) Ltd	14	2,670	280	-
246	9,344	349	316	Leisure and Culture Dundee	545	11,894	746	-
-	-	1,133	-	Studio Dundee Joint Venture Company Limited	-	-	1,133	-
378	46	444	46	Tay Cities Deal Joint Committee	78	3	-	238
227	6	11	17	Tay Road Bridge Joint Board	168	1	9	46
7	6	-	60	Tayplan (SDPA)	-	-	-	-
4,000	26,642	11,733	2,323	Tayside Contracts Joint Committee	3,823	29,351	12,614	11
51	952	59	6	Tayside Valuation Joint Board	88	919	180	1
-	-	-	-	V&A Dundee	-	350	178	-

## 23 Leases

### Council as Lessee

#### Finance Leases and Financing Arrangements

During 2019/2020 the Council entered into a sale and leaseback arrangement which resulted in one asset, an administration building, being acquired under a 40 year financing arrangement. The asset acquired under this financing arrangement continues to be carried as property, plant and equipment in the balance sheet at the following net amounts:

	31 March 2021 £000	31 March 2022 £000
Operational Building	21,956	23,650
Land	670	670
<b>Total</b>	<b>22,626</b>	<b>24,320</b>

The Council is committed to making minimum payments under this financing arrangement 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 financing arrangement payments are made up of the following amounts.

	31 March 2021 £000	31 March 2022 £000
Financing Arrangement Liabilities (net present value of minimum financing arrangement payments):		
Current	341	353
Non-Current	1,480	1,527
Finance Costs payable in future years	21,391	20,991
<b>Total Minimum Financing Arrangement Payments</b>	<b>23,212</b>	<b>22,871</b>

The minimum financing arrangement payments will be payable over the following periods:

	Minimum Financing Arrangement Payments		Financing Arrangement Liabilities	
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000
Not later than one year	731	736	390	384
Later than one year and not later than five years	2,979	3,001	1,499	1,474
Later than five years	28,426	27,667	7,035	6,677
	<b>32,136</b>	<b>31,404</b>	<b>8,924</b>	<b>8,535</b>

The minimum financing arrangement payments include annual rent increases of 2.75%.

The Council has sub-let some of the administration building held under this financing arrangement. At 31 March 2022 the minimum payments expected to be received under non-cancellable sub-leases was £0.247m (£0.247m at 31 March 2021).

#### Operating Leases

The Council has entered into agreements to lease various property, plant and equipment that are accounted for as operating leases. In addition, the Council operates a contract car hire scheme for its employees. The Council makes payments to the lessor for the contract car hire scheme, under an operating lease agreement, that are partly offset by contributions from employees participating in the scheme. The future minimum lease payments due under these leases in future years are:

	31 March 2021 £000	31 March 2022 £000
Not later than one year	237	162
Later than one year and not later than five years	386	381

	<b>623</b>	<b>543</b>
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The total expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to operating leases for various property, plant and equipment (including the Council's contract car hire scheme) was as follows:

	<b>2020/2021</b>	<b>2021/2022</b>
	<b>£000</b>	<b>£000</b>
Minimum lease payments	664	682
Less Employers Contributions	(88)	(87)
	<b>576</b>	<b>595</b>

#### Council as Lessor

##### *Finance Leases*

In 2017/2018 the Council entered into a twenty-eight year agreement for equipment assets with the company operating the existing waste-to-energy plant. This is in the form of a finance lease. There will be no consideration received by the Council over the period of the agreement and there is a nil balance in the Council's Balance Sheet. There were no further finance leases entered into during 2021/2022.

##### *Operating Leases*

The Council has entered into a number of agreements that are managed corporately by the City Development service. These agreements relate to leases of property, plant & equipment under operating leases for the following purposes:

- commercial and industrial properties that are leased out for the policy objectives e.g. economic development purposes to provide suitable affordable accommodation for local businesses
- ground leases for various sites including shopping centres, other commercial developments, telecommunications and advertising sites

The future minimum lease payments receivable under non-cancellable leases in future years are:

	<b>2020/2021</b>	<b>2021/2022</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	6,342	6,509
Later than one year and not later than five years	16,493	18,030
Later than five years	100,010	97,697
	<b>122,845</b>	<b>122,236</b>

#### **24 Investment Properties**

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2020/2021</b>	<b>2021/2022</b>
	<b>£000</b>	<b>£000</b>
Rental income from investment property	944	1,414
Direct operating expenses arising from investment property	(27)	(32)
<b>Net gain/(loss)</b>	<b>917</b>	<b>1,382</b>

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

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

	2020/2021 £000	2021/2022 £000
Balance at start of the year	15,231	13,731
Disposals	-	-
Net gains/(losses) from fair value adjustments	(1,500)	(158)
Transfers:		
- (to)/from Property, Plant and Equipment	-	-
<b>Balance at end of the year</b>	<b>13,731</b>	<b>13,573</b>

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2022 £000
Recurring Fair Value measurements using:				
Assets held for Capital Appreciation	-	7,589	-	7,589
Office Units	-	135	-	135
Commercial Units	-	5,850	-	5,850
<b>Total</b>	<b>-</b>	<b>13,574</b>	<b>-</b>	<b>13,574</b>

### 2021 Comparative Figures:

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2021 £000
Recurring Fair Value measurements using:				
Assets held for Capital Appreciation	-	7,747	-	7,747
Office Units	-	135	-	135
Commercial Units	-	5,850	-	5,850
<b>Total</b>	<b>-</b>	<b>13,732</b>	<b>-</b>	<b>13,732</b>

### Fair Value Hierarchy

#### Level 1 - Quoted prices in active markets for identical assets

There are no active markets with quoted prices applicable to the Council's Investment Property portfolio.

#### Level 2 - Significant Observable Inputs

The fair value for the assets held for capital appreciation has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

Capitalisation of rental values, using comparable market evidence and yields is the method applied to determine if fair value of Commercial / Office properties. Where possible, income streams are capitalised. Where evidence of comparable sales transactions is available the evidence is analysed and applied.

**Level 3 - Significant Unobservable Inputs**

Fair value can be measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. This approach uses assumptions such as the duration and timing rent growth, occupancy levels, bad debts, maintenance costs etc.

None of the Council's Investment Properties are categorised as Level 3.

**Transfers between levels of the Fair Value Hierarchy**

There were no transfers between hierarchy levels in the year.

**Highest and Best Use of Investment Properties**

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

**Valuation Techniques and Process**

There has been no change in the valuation techniques used during the year for investment properties. The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

**25 Intangible Assets**

The Council accounts for purchased software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The useful life assigned to software is 5 years and the carrying amount of intangible assets is amortised on a straight-line basis.

	2020/2021	2021/2022
	£000	£000
<b>Opening Gross Book Value</b>	1,658	3,450
Additions	1,792	789
<b>Closing Gross Book Value</b>	<b>3,450</b>	<b>4,239</b>
<b>Opening Accumulated Amortisation</b>	946	1,278
Amortisation Charge for the Year	332	474
<b>Closing Accumulated Amortisation</b>	<b>1,278</b>	<b>1,752</b>
<b>Closing Net Book Value</b>	<b>2,172</b>	<b>2,487</b>

**26 Impairment Losses**

Impairment losses charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement during 2021/2022 totalled £22.901m (2020/2021 £13.706m).

Of this total, £20.690m (2020/2021 £10,962m) relates to expenditure in the year which did not add value to assets. £11.297m (2020/2021 £5.808m) relates to expenditure on Council Houses, £2.621m (2020/2021 £0.550m) relates to expenditure on schools and the remaining £6.772m (2020/2021 £4.604m) relates to expenditure on other Council land & buildings.

The remaining £2.211m (2020/2021 £2.744m) relates to impairment charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as a result of revaluation losses relating to land and buildings.

**27 Property, Plant and Equipment**

Movements in 2021/2022:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra- structure Assets £000	Comm- unity Assets £000	Surplus Assets £000	Assets Under Con- struction £000	Total Property, Plant & Equipment £000	PPP Assets Included in Property, Plant & Equipment £000	DBFM Assets Included in Property, Plant & Equipment £000	SCA Assets Included in Property, Plant & Equipment £000
<b>Cost or Valuation</b>											
At 1 April 2021	539,494	847,546	110,320	311,069	6,493	7,319	74,645	1,896,886	113,100	26,080	52,969
Additions	11,297	27,129	4,686	23,793	-	1	6,922	73,828	-	-	17,241
Revaluation inc/(dec) recognised in the Revaluation Reserve	-	8,636	-	-	-	229	-	8,865	-	-	-
Revaluation inc/(dec) recognised in the Surplus / Deficit on the Provision of Services	(11,297)	(15,118)	-	(1,346)	-	110	-	(27,651)	-	-	(4,902)
Disposals	(100)	(368)	(709)	-	-	(187)	-	(1,364)	-	-	-
Reclassification within PPE	-	52,969	-	-	-	-	(52,969)	-	-	-	-
<b>At 31 March 2022</b>	<b>539,394</b>	<b>920,794</b>	<b>114,297</b>	<b>333,516</b>	<b>6,493</b>	<b>7,472</b>	<b>28,598</b>	<b>1,950,564</b>	<b>113,100</b>	<b>26,080</b>	<b>65,308</b>
<b>Accumulated Depreciation and Impairment</b>											
At 1 April 2021	(37,638)	(59,398)	(92,436)	(125,803)	-	-	-	(315,275)	(10,762)	(2,128)	-
Depreciation charge	(18,841)	(28,116)	(3,635)	(10,417)	-	-	-	(61,009)	(3,588)	(709)	-
Depreciation written out to the Revaluation Reserve	-	3,857	-	-	-	-	-	3,857	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	4,749	-	-	-	-	-	4,750	-	-	-
Disposals	6	8	645	-	-	-	-	659	-	-	-
<b>At 31 March 2022</b>	<b>(56,473)</b>	<b>(78,900)</b>	<b>(95,426)</b>	<b>(136,220)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(367,018)</b>	<b>(14,350)</b>	<b>(2,837)</b>	<b>-</b>
<b>Net Book Value:</b>											
<b>At 31 March 2022</b>	<b>482,921</b>	<b>841,894</b>	<b>18,871</b>	<b>197,296</b>	<b>6,493</b>	<b>7,472</b>	<b>28,598</b>	<b>1,583,545</b>	<b>98,750</b>	<b>23,243</b>	<b>65,308</b>
<b>At 31 March 2021</b>	<b>501,856</b>	<b>788,148</b>	<b>17,884</b>	<b>185,266</b>	<b>6,493</b>	<b>7,319</b>	<b>74,645</b>	<b>1,581,611</b>	<b>102,338</b>	<b>23,952</b>	<b>52,969</b>

Comparative Movements in 2020/2021:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra-structure Assets £000	Comm-unity Assets £000	Surplus Assets £000	Assets Under Con-struction £000	Total Property, Plant & Equipment £000	PPP Assets Included in Property, Plant & Equipment £000	DBFM Assets Included in Property, Plant & Equipment £000	SCA Assets Included in Property, Plant & Equipment £000
<b>Cost or Valuation</b>											
At 1 April 2020	540,054	840,179	106,669	288,775	6,493	7,349	89,378	1,878,897	113,100	26,080	50,047
Additions	5,686	9,841	4,230	22,709	-	14	5,504	47,984	-	-	2,922
Revaluation inc/(dec) recognised in the Revaluation Reserve	-	(11,857)	-	-	-	639	-	(11,218)	-	-	-
Revaluation inc/(dec) recognised in the Surplus / Deficit on the Provision of Services	(5,686)	(10,854)	-	(415)	-	(128)	-	(17,083)	-	-	-
Disposals	(560)	-	(579)	-	-	(555)	-	(1,694)	-	-	-
Reclassification within PPE	-	20,237	-	-	-	-	(20,237)	-	-	-	-
<b>At 31 March 2021</b>	<b>539,494</b>	<b>847,546</b>	<b>110,320</b>	<b>311,069</b>	<b>6,493</b>	<b>7,319</b>	<b>74,645</b>	<b>1,896,886</b>	<b>113,100</b>	<b>26,080</b>	<b>52,969</b>
<b>Accumulated Depreciation and Impairment</b>											
At 1 April 2020	(18,856)	(41,698)	(89,347)	(115,941)	-	-	-	(265,842)	(7,174)	(1,418)	-
Depreciation charge	(18,855)	(27,567)	(3,635)	(9,862)	-	-	-	(59,919)	(3,588)	(710)	-
Depreciation written out to the Revaluation Reserve	-	6,489	-	-	-	-	-	6,489	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	3,378	-	-	-	-	-	3,378	-	-	-
Disposals	73	-	546	-	-	-	-	619	-	-	-
<b>At 31 March 2021</b>	<b>(37,638)</b>	<b>(59,398)</b>	<b>(92,436)</b>	<b>(125,803)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(315,275)</b>	<b>(10,762)</b>	<b>(2,128)</b>	<b>-</b>
<b>Net Book Value:</b>											
<b>At 31 March 2021</b>	<b>501,856</b>	<b>788,148</b>	<b>17,884</b>	<b>185,266</b>	<b>6,493</b>	<b>7,319</b>	<b>74,645</b>	<b>1,581,611</b>	<b>102,338</b>	<b>23,952</b>	<b>52,969</b>



*Depreciation*

The following useful lives have been used in the calculation of depreciation:

- Council Houses - 20 - 50 years
- Other Land and Buildings - 10 - 60 years
- Vehicles, Plant, Furniture & Equipment - 3 - 10 years
- Infrastructure - 10 - 30 years

*Capital Commitments*

At 31 March 2022, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/2023 and future years budgeted to cost £21m. Similar commitments at 31 March 2021 were £32m. The major commitments are:

- MSD Fire Safety Measures in Council Housing - £2.6m
- Sustainable Projects - Non Domestic Energy Efficiency Works Ph 3 - £1.6m
- Smart Cities - Mobility Innovation Living Laboratory 2 - £1.6m
- Broughty Ferry to Monifieth Active Travel Improvements - £1.4m
- Purchase of zero emission vehicles - £1.2m
- Camperdown Community Growing Hub - £1.1m

This gross expenditure of £21m will be funded from a combination of Council Borrowing, Grants and Contributions.

*Effects of Changes in Estimates*

In 2021/2022, the Council did not make any material changes to its accounting estimates for Property, Plant and Equipment.

*Revaluations*

The Council carries out a rolling programme to ensure that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Financial year 2017/2018 was the first year of the current revaluation programme. The effective date for the 2021/2022 revaluations is 31 March 2022.

All valuations were carried out internally by valuers in City Development Service. Valuations of land and buildings 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. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The table below shows the changes in asset values for each category revalued over the last financial year:

	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Surplus Assets £000</b>	<b>Total £000</b>
Carried at historical cost	-	-	3,977	-	3,977
Valued at fair value as at:					
31 March 2022	-	11,888	-	340	12,228
31 March 2021	-	(5,146)	-	205	(4,941)
31 March 2020	-	(2,720)	-	300	(2,420)
31 March 2019	83,964	61,018	-	1,257	146,239
<b>Total Cost or Valuation</b>	<b>83,964</b>	<b>65,040</b>	<b>3,977</b>	<b>2,102</b>	<b>155,083</b>

**28 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, PFI/PPP contracts, DBFM contracts and Service Concession Arrangements), 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 second part of this note.

	2020/2021 £000	2021/2022 £000
<i>Opening Capital Financing Requirement</i>	749,873	748,758
<i>Capital investment</i>		
Property, Plant and Equipment	44,570	56,409
Intangible Assets	1,792	789
Revenue Expenditure Funded from Capital under Statute	491	177
Service Concession Arrangement (Waste Project)	2,922	17,242
<i>Sources of finance:</i>		
Capital receipts	(2,893)	(1,335)
Government grants and other contributions	(22,086)	(19,871)
Transfer from Capital Grants & Receipts Unapplied Account	(446)	(1,008)
<i>Sums set aside from revenue:</i>		
• Direct revenue contributions	(1,888)	(2,046)
• Loans fund principal	(23,577)	(22,417)
Other Capital Income - Sale of Dundee House	-	-
<b><i>Closing Capital Financing Requirement</i></b>	<b>748,758</b>	<b>776,698</b>
<b><i>Explanation of movements in year</i></b>		
Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	3,156	15,248
Assets acquired under PFI/PPP contracts	(2,112)	(2,383)
Assets acquired under DBFM contract	(935)	(938)
Assets acquired under Service Concession Arrangement	(894)	16,354
Assets acquired under Financing Arrangement	(330)	(341)
<b><i>Increase/(decrease) in Capital Financing Requirement</i></b>	<b>(1,115)</b>	<b>27,940</b>

## 29 Private Finance Initiatives and Similar Contracts

### i) Education Services PFI Scheme

2021/22 was the fourteenth year of a 30 year PFI contract with Discovery Education PLC to construct, maintain and facilities-manage six new primary schools and two new secondary schools in the city. The Council has rights under the contract to specify the services provided with the priority being the provision of an Education Service during the school day, followed by Community use. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and provide a facilities management service. At the end of the contract the schools will be transferred back to the Local Authority for nil consideration.

#### *Property Plant and Equipment*

The schools have been recognised on the Councils' Balance Sheet as tangible fixed assets. Movements in their value over the year are detailed in the analysis of the movement on the property, plant and equipment balance in note 27.

#### *Payments*

The Council makes an agreed payment each year which is increased each year by inflation and will be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions are as follows:

	Payment for Services £000	Repayment of Liability £000	Interest £000	Lifecycle Maintenance £000	Total £000
Payable in 2022-23	3,497	2,341	5,282	1,809	12,929
Payable within 2-5 years	14,886	12,391	22,823	4,931	55,031
Payable within 6 - 10 years	20,799	17,331	28,854	9,906	76,890
Payable within 11 - 15 years	23,532	23,477	32,202	7,783	86,994
Payable within 16 - 20 years	5,255	6,040	7,333	805	19,433
<b>TOTAL</b>	<b>67,969</b>	<b>61,580</b>	<b>96,494</b>	<b>25,234</b>	<b>251,277</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2020/2021 £000	2021/2022 £000
<b>Balance at the start of the year</b>	<b>66,074</b>	<b>63,963</b>
Payments during the year	(2,112)	(2,383)
<b>Balance at year-end</b>	<b>63,962</b>	<b>61,580</b>

#### ii) *Baldragon DBFM Project*

2021/22 was the fifth year of a 25 year DBFM contract with Hub East Central (Baldragon) Ltd to design, construct, maintain and facilities-manage a new secondary schools in the city. Dundee City Council took occupation of the new school on 11<sup>th</sup> December 2018. The Authority has rights under the contract to specify the services provided with the priority being the provision of an Education Service during the school day, followed by Community use. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and provide a facilities management service. At the end of the contract the schools will be transferred back to the Local Authority for nil consideration.

#### *Property, Plant and Equipment*

The school has been recognised on the Council's Balance Sheet as a tangible fixed asset. Movements in the value over the year are detailed in the analysis of the movement on the property, plant and equipment balance in note 27.

#### *Payments*

The Council makes an agreed payment each year which is increased each year by inflation and will be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the DBFM contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Repayment of Liability £000	Interest £000	Lifecycle Maintenance £000	Total £000
Payable in 2022-23	298	943	1,200	226	2,667
Payable within 2-5 years	1,268	3,924	4,424	1,206	10,822
Payable within 6 - 10 years	1,772	5,701	4,590	1,844	13,907
Payable within 11 - 15 years	2,005	6,550	3,369	2,455	14,379
Payable within 16 - 20 years	2,268	7,895	1,890	2,861	14,914
Payable within 21 - 25 Years	341	-	44	1,904	2,289
<b>TOTAL</b>	<b>7,952</b>	<b>25,013</b>	<b>15,517</b>	<b>10,496</b>	<b>58,978</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2020/2021 £000	2021/2022 £000
<b>Balance at the start of the year</b>	<b>26,886</b>	<b>25,951</b>
Payments during the year	(935)	(938)
<b>Balance at year-end</b>	<b>25,951</b>	<b>25,013</b>

### iii) Waste Disposal Project

In November 2017, the Council entered into a 28 year contract with MVV Environment Baldovie Limited (MEB) for the disposal of residual waste. As part of the new contract arrangements, the Council sold its shareholding in DERL to MVV Environment Limited (MVV). The DERL plant ("Lines 1&2") is being utilised by MEB to deliver contractual requirements alongside the new plant ("Line 3") that was constructed on an adjacent site. Following investment by MVV, Lines 1&2 has been operating reliably and the decision was therefore taken to extend its operational life by 7 years, formalised in a Life Extension Agreement between MEB and the Council. Full services from Line 3 commenced on 20 January 2022, which is the starting point of the 25 year Line 3 contract. At the end of the contract the plant will be transferred to the Council for nil consideration. The contract sets out the services that the Council require the contractor to deliver and specifies minimum standards for these services, with deductions from the fee payable being made if services are unavailable or performance is below minimum standards.

#### Property Plant and Equipment

The new plant is deemed to be a service concession asset and the Council's 60% share has been recognised on the Balance Sheet as an operational asset. The Council's assets at the DERL site (Lines 1&2) and land for the new plant (Line 3) are being made available to MEB via leases.

#### Payments

The Contractor is paid a unitary charge comprising a contractually agreed gate fee for each tonne of waste treated (subject to a guaranteed minimum tonnage) and some ancillary pass through costs. The gate fee is subsidised by a guaranteed level of commercial income. This net gate fee is fixed for the contract life, subject to annual inflationary increases at 50% of RPIX and any service availability / performance deductions. There is also an excess revenue sharing mechanism in place, with the Council benefitting if the Contractor outperforms the assumptions in its business case for third party revenues. Payments remaining to be made under the contract at 31 March 2022 (excluding any estimation of service availability deductions, performance deductions and excess revenue sharing) are as follows:

	Payment for Services £000	Repayment of Liability £000	Interest £000	Lifecycle Maintenance £000	Total £000
Payable in 2022/23	3,842	1,016	4,910	-	9,768
Payable within 2-5 years	16,503	4,963	19,051	-	40,517
Payable within 6 - 10 years	24,121	7,086	21,263	1,901	54,371
Payable within 11 - 15 years	26,958	12,324	18,461	391	58,134
Payable within 16 - 20 years	31,412	16,153	12,943	2,432	62,940
Payable within 21 - 25 Years	25,664	17,742	5,407	-	48,813
<b>TOTAL</b>	<b>128,500</b>	<b>59,284</b>	<b>82,035</b>	<b>4,724</b>	<b>274,543</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2020/2021 £000	2021/2022 £000
<b>Balance at the start of the year</b>	<b>43,824</b>	<b>42,930</b>
Capital expenditure incurred in the year	2,922	17,241
Payments during the year	(3,816)	(887)
<b>Balance at year-end</b>	<b>42,930</b>	<b>59,284</b>

### 30 Assets Held for Sale

	2020/2021 £000	2021/2022 £000
<b>Balance at start of year</b>	<b>8,012</b>	<b>5,218</b>
Assets newly classified as held for sale:		
• Property, Plant and Equipment	-	-
Revaluation gains/(losses)	147	(296)
Assets sold	(2,941)	(329)
<b>Balance at year-end</b>	<b>5,218</b>	<b>4,593</b>

### 31 Short Term Debtors

	31 March 2021 £000	31 March 2022 £000
Central government bodies	22,089	22,921
Other local authorities	4,180	5,125
NHS bodies	11,427	6,709
Other entities and individuals	33,877	25,976
<b>Total</b>	<b>71,573</b>	<b>60,731</b>

### 32 Short Term Creditors

	31 March 2021 £000	31 March 2022 £000
Central government bodies	20,218	39,199
Other local authorities	8,497	11,990
NHS bodies	278	450
Public corporations and trading funds	633	557
Other entities and individuals	55,380	56,146
<b>Total</b>	<b>85,006</b>	<b>108,342</b>

### 33 Provisions

	Self-Insured / Uninsured Losses			Total £000
	Dundee City Council £000	ex-TRC/DDC Funds £000	Construction Services £000	
Balance at 1 April 2021	3,125	649	232	4,006
Additional provisions made in year	2,136	-	17	2,153
Amounts used in year	(1,183)	(39)	(10)	(1,232)
Unused amounts reversed in year	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>4,078</b>	<b>610</b>	<b>239</b>	<b>4,927</b>

### Self-Insured/Uninsured Losses

As part of the Council's Risk Management Policy, the Council has a largely self-insurance arrangement which makes provision against potential losses. Insurance policies are still in place to protect the Council's Liability for any major loss or claim, such as the fire at Braeview Academy. The provision takes into account all known liabilities likely to be incurred by the Council. Whilst there is a pre-determined timeline for claims to be submitted, there is no set pattern for the time claims take to settle, as the factors will vary from claim to claim, which the Council has no control over. As well as operating its own Insurance Fund, the Council is also responsible for running off the ex- Tayside Regional Council and ex- Dundee District Council Fund.

Analysis of claims figures highlights the following features:

**Employers Liability:** shows a general reduction in claims for the last three financial years. This is through improvements in health and safety and successful defence of older claims which in turn has reduced the level of provision required.

**Public Liability / Third Party Claims:** value comparisons appear similar, but it is difficult for this class of cover due to large reserves being held pending resolution of claims (normally through court actions) to give a true reflection on losses. It is an area the Council's insurers are taking a robust line on due to the current claims culture, which has resulted in successful defence of individual claims therefore reducing the Council liability.

**Property Damage:** continuing investment in risk management initiatives has seen the Council's self-insured property costs remain fairly stable, although the Braeview Academy fire has been a major loss to the Council due to the £1m excess on the property policy.

**Motor Insurance:** the accident claim figures remain similar from year to year, however over the last three years a number of injuries claims have been submitted which are resulting in reserve and cost figures increasing substantially.

### Construction Services

A provision has been made for possible future losses on existing long-term contracts where a sub-contractor has gone into administration during the maintenance defects period due to the Covid-19 shutdown and the Council will therefore be liable for the costs of any required remedial works. The provision also includes various amounts relating to other remedial works anticipated.

### Debtor Impairment Allowances

The above items are shown as Provisions in the Council's Long Term Liabilities section of the Council's Balance Sheet. In addition, there are a number of impairment allowances that are netted-off against Short Term Debtors in the Current Assets section of the Council's Balance Sheet. As at 31 March 2022, these are as follows:

- Council Tax - the allowance of £24.548m (31 March 2021: £23.333m) has been calculated using the non-collection rate anticipated when each financial year's Council Tax was set, or a lower figure where the anticipated collection rate has been exceeded.
- Statutory Additions - the impairment allowance of £5.184m (31 March 2021: £4.737m) has been calculated by applying the overall percentage relating to the charge elements (i.e. Non Domestic Rates and Council Tax) to which the Statutory Addition was applied.
- Miscellaneous Invoiced and Other Debt - the impairment allowance of £5.474m (31 March 2021: £4.369m) has been calculated by applying non-collection rates to an aged debt analysis. The percentage increases according to the age of the debt. Higher percentages are also applied to types of debt which have proven difficult to collect.
- Housing Rents - the impairment allowance of £5.127m (31 March 2021: £4.264m) has been calculated by applying various percentages to a value-banded debt analysis. The percentage increases according to the value of the debt.
- Housing Benefit Overpayments - the impairment allowance of £1.351m (31 March 2021: £1.547m) has been calculated by applying an anticipated non-collection rate to the total debt.

Movements in the level of impairment allowance arise from write-offs of debt against the allowance during the course of the financial year, together with a re-assessment of the required level of allowance at the balance sheet date.

## 34 Contingent Liabilities

### Guaranteed Minimum Pension

As a result of the High Court's previous Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes made adjustments to accounting disclosures to reflect the effect of this ruling on the value of pension liabilities. It is the understanding of Tayside Pension Fund's actuaries that HM Treasury have confirmed that the judgement does not impact on the current method used to achieve equalisation and indexation in public service pension schemes. On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Tayside Pension Fund's actuaries valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the actuaries have assumed that the Fund will be required to pay the entire inflationary increase. This assumption is consistent with the consultation outcome and the actuaries do not believe that it is necessary to make any adjustments to the value placed on the liabilities as a result of the above outcome.

The above Contingent Liability was also disclosed at 31 March 2021.

### Goodwin Case

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS. Tayside Pension Fund's actuaries do not yet have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage would only be a rough estimate as in a lot of cases, funds will not have this information or data to hand. It is the actuaries understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which the actuaries expect will be minimal for LGPS funds.

The above Contingent Liability was also disclosed at 31 March 2021.

### Redress for Survivors (Historical Child Abuse in Care) (Scotland) Bill

The Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 establishes a financial redress scheme for survivors of historical child abuse in relevant care settings in Scotland, and, in some circumstances, where the survivor has died, their next of kin. The purpose of the redress scheme is to acknowledge and provide tangible recognition of the harm suffered as a result of that abuse. The redress scheme will also offer survivors access to some non-financial elements of redress such as acknowledgement, apology and therapeutic support. The Act builds on previous work with survivors of historical child abuse in care. It is likely that fair and meaningful financial contributions to the redress scheme will be sought from those organisations such as local authorities which were involved in the care of children at the time of the abuse, whether providing care directly or otherwise involved in the decision-making processes and arrangements by which the child came to be in care. As part of the Local Government Settlement for 2022/23, the Scottish Government top-sliced monies from local authorities to contribute towards the cost of this scheme although it is acknowledged that individuals may also make claims direct to local authorities to compensate for any losses suffered. The overall timing and amounts of any claims due by the Council are not yet known.

The above Contingent Liability was also disclosed at 31 March 2021.

### Equal Pay Claim

In February 2021, the trade unions submitted a collective equal pay claim on behalf of their members under the Equality Act 2010. The Claimants claim is for the full 5 year back-pay period and/or from their date of employment, if such a date is less than 5 years ago. The Claimants are employed in predominantly female jobs groups (and/or groups of which the proportion of female workers is far greater than that in the comparator groups). The claim is currently being evaluated by the Council. At this stage, it is not possible to quantify the Council's financial liability, if any.

The above Contingent Liability was also disclosed at 31 March 2021.

### Leisure and Culture Dundee

Leisure and Culture Dundee (LACD) has suffered considerable income shortfalls since the start of the Covid-19 pandemic, due to the effects of lockdowns and operating restrictions once facilities have re-opened. It is

anticipated that, even once facilities are fully operational, income levels will take some time to be restored to pre-pandemic levels. The impact on LACD's financial position was exacerbated by the ending of the UK Government's Coronavirus Job Retention Scheme on 30 September 2021. Dundee City Council has confirmed its continuing financial support to cover the deficit position projected in 2022/23, to avoid the charity going into negative reserves. The Council has a clear plan to cover all deficits from Covid-19 to support LACD. In addition, the Council will undertake cash flow management support to LACD to allow it to remain in credit at all times, and therefore have sufficient cash to continue to operate, thus allowing it to proceed as a going concern and meet its everyday cash liabilities.

The above Contingent Liability was also disclosed at 31 March 2021.

### Studio Dundee Joint Venture Company

Studio Dundee Joint Venture Company Limited (SDJVC) was created in March 2018 to provide suitable governance arrangements for the development of Central Waterfront Development Plot 2. The Council has provided a loan to SDJVC of £1.133m that is repayable by 18 January 2024. The project is currently being reviewed following the Covid-19 pandemic.

The above Contingent Liability was also disclosed at 31 March 2021.

### 35 Contingent Assets

There were no Contingent Assets at 31 March 2022 (31 March 2021: nil).

### 36 Grant Income

The Council credited grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/2022. These included the following grants and contributions:

<b>Credited to Taxation and Non Specific Grant Income</b>	<b>2020/2021 £000</b>	<b>2021/2022 £000</b>
RSG & Non-Specific Grants	(297,886)	(304,250)
Contribution from NNDR Pool	(32,888)	(26,821)
Capital Grants	(22,672)	(20,802)
Council Tax	(56,379)	(57,925)
<b>Total</b>	<b>(409,825)</b>	<b>(409,798)</b>

<b>Credited to Services:</b>	<b>2020/2021 £000</b>	<b>2021/2022 £000</b>
UK Govt: Furlough Income	(1,603)	(47)
Various Covid - 19 Grants	(11,229)	(4,856)
Scottish Government: Growth Accelerator Model	(2,040)	(2,040)
Scottish Government: Smarter Choices Smarter Places	(119)	(247)
Scottish Government: Employability	(712)	(1,370)
Scottish Government: Air Quality Grant	(214)	(199)
Various: Bus Rapid Development Fund	(281)	-
Various: Contribution toward Dundee to London flight	(1,000)	(1,004)
TACTRAN / SESTRAN: Active Travel Infrastructure Fund	(915)	(1,612)
Scottish Government: Switched on Fleets Grant	(690)	(707)
Private Sector Housing Grant	(992)	(613)
NHS Tayside: Community Equipment	(371)	(371)
NHS Tayside: Alcohol & Drugs Project Team	(804)	(657)
Angus Council: Contribution to Joint Equipment Service	(814)	(770)
NHS Tayside: Delayed Discharge Fund	(236)	(236)
NHS Tayside: Integrated Care Fund	(2,440)	(2,178)
NHS Tayside: Social Care Integration Fund	(10,102)	(10,102)
NHS Tayside: Contribution to Fund DCC Deficit	(1,387)	-
NHS Tayside: Funding for Services undertaken by the Council	(229)	(964)
NHS Tayside: Integration	(2,781)	(3,589)
UK Government, Home Office - Syrian Refugees	(554)	(692)
NHS Tayside: Contribution for DCIJB Operational costs	(3,749)	(29)



Scottish & UK Governments: Opportunities for All Grant	(187)	(431)
Big Lottery Fund: Dundee Money Action	(548)	(74)
Sports Council Contribution to Sports Co-ordinators	(325)	(324)
Scottish Government: Attainment Challenge - Primary	(4,545)	(4,450)
Scottish Government: Attainment Challenge - Secondary	(1,256)	(1,346)
Scottish Government: Pupil Equity Fund	(4,280)	(5,697)
Scottish Government: Early Learning Childcare (ELC) Delivery Model Grant	(14,564)	(14,774)
Scottish Government: Tayside Regional Improvement Collaborative (TRIC)	-	(643)
Scottish Futures Trust: Share of Service Cost element for Baldragon Academy	(295)	(302)
Scottish Government: Care Experienced Children & Young People funding	(348)	(349)
UK Home Office: Refugee Social Care costs	(411)	(256)
Criminal Justice Grant	(4,719)	(4,580)
Improvement Service: National Entitlement Card	(763)	(1,501)
DWP: Rent Allowances/Rebate Subsidies (prev Housing Benefit Subsidy)	(52,396)	(49,058)
DWP: Housing Benefit / Council Tax Benefit Administration	(913)	(773)
Other Miscellaneous Grants	(2,161)	(2,701)
<b>Total</b>	<b>(130,973)</b>	<b>(119,542)</b>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

The main balances at the year-end are as follows:

<b>Capital Grants Receipts in Advance:</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Section 75 Contributions	(1,444)	(2,568)
Scottish Government: Low Carbon Transport - JIVE	(3,506)	(3,506)
Various: Community Wellbeing Centre	-	(250)
Other Miscellaneous Capital Grants Receipts in Advance	(8)	(144)
<b>Total</b>	<b>(4,958)</b>	<b>(6,468)</b>

<b>Revenue Grants Receipts in Advance:</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Improvement Service: National Entitlement Card	(1,062)	(1,079)
Scottish Govt/EU: Employability / PESF	(1,457)	(1,583)
UK Government: Community Renewal Fund.	-	(216)
Scottish Govt: Covid Business Support	-	(732)
Scottish Government: Pupil Equity Fund	(2,555)	(2,937)
Scottish Government: ELC Delivery Model Grant	(3,175)	(4,701)
Scottish Government: Attainment Challenge	(77)	(255)
British Council: Erasmus + Pan Tayside Language Training Programme	(242)	(153)
Scottish Govt: Children & Young People's Mental Health & Wellbeing (CYPMHW) Grant.	-	(217)
UK Government, Home Office: Refugees	(516)	(575)
Big Lottery Fund: Dundee Money Action	(506)	-
Scottish Govt: Home Energy Efficiency Programmes	(218)	(249)
Other Miscellaneous Grants	(729)	(1,150)
<b>Total</b>	<b>(10,537)</b>	<b>(13,847)</b>

### 37 Financial Instruments

The Council is required to disclose details in respect of financial instruments, which in the main include borrowing, lending, investments, creditors and debtors. The purpose of this disclosure 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 manage those risks

*Categories of financial assets and financial liabilities*

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000
<b>Investments</b>				
Equity Instruments Designated at Fair Value Through Other Comprehensive Income & Expenditure	-	-	3,899	3,918
Unquoted equity investment at cost	29	29	-	-
<b>Total investments</b>	<b>29</b>	<b>29</b>	<b>3,899</b>	<b>3,918</b>
<b>Debtors</b>				
Loans and receivables:				
Cash and Bank	-	-	302	249
Other Short Term Deposits	-	-	9,100	40,008
Soft Loans	94	94	-	-
Other Loans at Market Rates	13,266	12,996	-	-
Financial assets carried at contract amounts:				
Sundry Debtors including trade receivables	-	-	73,578	60,731
<b>Total Debtors</b>	<b>13,360</b>	<b>13,090</b>	<b>82,980</b>	<b>100,988</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost:				
Borrowing Repayable:				
Public Works Loan Board	(450,855)	(473,435)	(13,822)	(11,708)
Lender Option/Borrower Option	(41,492)	(41,890)	(412)	(413)
Other	-	-	(35,454)	(22,890)
Temporary Advances from Other Accounts	-	-	(1,494)	(1,466)
Bank Overdraft	-	-	(11,871)	(3,416)
<b>Total borrowings</b>	<b>(492,347)</b>	<b>(515,325)</b>	<b>(63,053)</b>	<b>(39,893)</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount:				
Sundry creditors including trade payables	-	-	(87,011)	(108,342)
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>(87,011)</b>	<b>(108,342)</b>

*Income, Expense, Gains and Losses*

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and movements in reserves in relation to financial instruments are disclosed below:

2020/2021 £000		2021/2022			2021/2022 Total £000
		Financial Liabilities measured at amortised cost £000	Financial Assets Loans and receivables £000	Financial Assets Investments £000	
27,665	Interest Expense	32,107	-	-	32,107
<b>27,665</b>	<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>32,107</b>	<b>-</b>	<b>-</b>	<b>32,107</b>
(629)	Interest Income	-	(588)	(25)	(613)

(629)	<b>Total income in Surplus or Deficit on the Provision of Services</b>	-	(588)	(25)	(613)
(357)	(Gains) or Losses on revaluation	-	-	(18)	(18)
(357)	<b>(Gains) or Losses in Other Comprehensive Income &amp; Expenditure</b>	-	-	(18)	(18)
<b>26,679</b>	<b>Net (gain)/loss for the year</b>	<b>32,107</b>	<b>(588)</b>	<b>(43)</b>	<b>31,476</b>

*Fair Values of Assets and Liabilities*

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2022 of 1.75% to 9.12% for loans from the PWLB and 0.47% to 4.95% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are as follows:

		31 March 2021			31 March 2022			
Note	Carrying Amount £000	Fair Value £000	Principal Amount Outstanding £000	LOBO Accounting Adjustment £000	Add Accrued Interest £000	Carrying Amount £000	Fair Value £000	
Financial liabilities:								
Borrowing								
Repayable:								
Public								
Works Loan Board	i	(464,737)	(638,149)	(480,855)	-	(4,288)	(485,143)	(598,764)
Lender								
Option/Borrower Option (LOBO)	i	(41,904)	(63,832)	(40,000)	(1,477)	(413)	(41,890)	(57,894)
Other	i	(35,454)	(35,468)	(23,293)	-	(10)	(23,303)	(23,307)
Temporary								
Advances from Other Accounts	ii	(1,494)	(1,494)	(1,466)	-	-	(1,466)	(1,466)
Bank Overdraft	iii	(11,871)	(11,871)	(3,416)	-	-	(3,416)	(3,416)

i Borrowing Repayable

The fair value for borrowing repayable is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Valuation Method - The fair value of these financial instruments have been determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation is equal to the current rate in relation to the same instruments from a comparable lender. This will be the rate applicable in the market on the date of

valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of comparable instruments should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market.

Evaluation of Public Works Loan Board debt - The Council has applied the new borrowing rate, as opposed to the premature repayment rate as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin that represents the lender's profit as a result of rescheduling the loan that is not included in the fair value calculation since any motivation other than securing fair price should be ignored.

Inclusion of accrued interest - The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, this has also been accrued in the fair value calculation. This figure is calculated up to and including the valuation date.

Discount rates used in NPV calculation - The rates quoted in this valuation were obtained for the market on 31 March 2022, using bid prices where applicable.

Market Debt - Valuations use the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

ii) Temporary Advances from Other Accounts

These amounts relate to the balances from Charities and Common Good Funds. These include cash balances that are effectively loaned to the Council on a short-term basis and other short-term loans to the Council's Consolidated Loans Fund. Interest is payable by the Council on all balances outstanding. The current value and fair value of these balances are deemed to be the same amount.

iii) Bank Overdraft

The fair value is the same as the carrying amounts as these balances relate to short term borrowing with the Council's bank.

	Note	31 March 2021		31 March 2022	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables:					
Cash and Bank	i	302	302	249	249
Other Short term Deposits	i	9,100	9,100	40,008	40,008
Short-term debtors:					
Soft Loans	ii	-	-	-	-
Long-term debtors:					
Other Loans at Market rates	iii	13,360	13,360	13,090	13,090

i. Cash and Bank / Other Short term Deposits

The fair value is the same as the carrying amounts as these balances relate to short term lending or deposits held with the Council's bank.

ii. Soft Loans

The fair value of these loans is the same as the carrying amount. These loans comprise of a small number of loans that the Council has made to external parties at less than market rates. Soft loans have been restated from historical cost to fair value basis by discounting future cash receipts using the prevailing market rate of interest.

iii. Other Loans at Market Rates

These balances are made up of loans to various bodies at market rates and are included on the Council's Balance Sheet as long-term debtors. As these loans are held at market rates the carrying value and fair value will not be materially different.

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on their current market price which is also the value they are included at in the Council's Balance Sheet.

Short term debtors and creditors including trade receivables and payables are carried at cost as this is a fair approximation of their value.

### **38 Nature and Extent of Risks Arising from Financial Instruments**

The Council's activities expose it to a variety of financial risks:

- 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
- interest rate 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 Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Financial Services and Investment Manager, under policies approved by Dundee City Council in the annual treasury management strategy. Dundee City Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

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#### ***Credit risk***

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Moody's and Standard and Poors. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit limits in respect of financial assets held by the council are as detailed below:

- F1+ £12m
- F1 £10m
- AAAmf - Money Market Funds £10m
- UK Local Authorities £10m
- Debt Management Agency £10m
- Part Nationalised UK Banks £5m (with a minimum holding of 20% as per Capita Asset Services approach)
- OEICs - Government Liquidity, Gilt, Bond and Equity Funds\* - 70% of asset class with any one institution

\* Common Good and Insurance Funds only or at discretion of Executive Director of Corporate Services – see section 7 "Treasury Risk Register"

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by Dundee City Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £12m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities in UK to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

The following analysis summarises the Council’s potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2022 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2022 %	Estimated maximum exposure to default and uncollectability at 31 March 2022 £000	Estimated maximum exposure at 31 March 2021 £000
	A	B	C	(A x C)	
Financial Institutions (F1)	40,008	-	-	-	-

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

**Liquidity risk**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The maturity analysis of financial liabilities is as follows:

	31 March 2021 £000	31 March 2022 £000
Less than one year	44,986	28,809
Between one and two years	7,008	7,508
Between two and five years	30,028	30,030
Between five and ten years	25,050	25,039
More than ten years	428,769	451,270
	<b>535,841</b>	<b>542,656</b>

All trade and other payables are due to be paid in less than one year.

**Interest rate risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of

loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management section has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to monitor the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>£000</b>
Increase in interest payable on variable rate borrowings	218
Increase in interest receivable on variable rate investments	Nil
Impact on Surplus or Deficit on the Provision of Services	218
Share of overall impact debited to the HRA	67
Decrease in fair value of fixed rate investment assets	Nil
Impact on Other Comprehensive Income and Expenditure	Nil
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	103,989

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Price risk**

The Council does not generally invest in equity shares but does have shareholdings to the value of £7,500 Ordinary B shares in Discovery Education Companies. These 'B' shares have no right to participate in the profits of the Company and no distributions of any kind, nor do they carry any voting rights at any general meeting of the company. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the council can monitor factors that might cause a fall in the value of specific shareholdings.

**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 exchange rates.

**39 Charities Account (Registered Charities)**

During 2021/2022, the Council acted as sole Trustee for 5 Registered Charities. The Receipts and Payments Account below details the transactions in the year and the Statement of Balances summarises the assets and liabilities at the year end. Dundee City Council has previously undertaken a reorganisation of its Charities. This reorganisation was completed during 2017/2018 and has resulted in the number of Charities reducing from 22 to 5.

2020/2021 £000	Receipts and Payments Account	2021/2022		2021/2022		(Surplus)/ Deficit £000
		Interest on Investments £000	Rental Income £000	Total Receipts £000	Payments £000	
-	Belmont Estate	(0)	(8)	(8)	8	-
-	Camperdown Estate	-	-	-	-	-
-	William Dawson Trust	-	-	-	-	-
(14)	Hospital Fund	(1)	(42)	(43)	32	(11)
-	The Dundee Trust	-	-	-	-	-
<b>(14)</b>	<b>Total</b>	<b>(1)</b>	<b>(50)</b>	<b>(51)</b>	<b>40</b>	<b>(11)</b>

2021 £000	Statement of Balances as at 31 March	2022 £000
-	Opening Cash Balance	-
(14)	(Surplus) / Deficit for the Year	(11)
14	Transfer to / (from) DCC Loans Fund	11
-	<b>Closing Cash Balance</b>	-
<b>Investments</b>		
927	Funds Deposited with DCC Loans Fund	938
2,027	Investment Properties	2,027
<b>2,954</b>		<b>2,965</b>
<b>Tangible Fixed Assets</b>		
236	Dwellings	394
2,133	Operational Land and Buildings	2,210
403	Community Assets	395
58	Infrastructure	58
<b>2,830</b>		<b>3,057</b>
<b>Liabilities</b>		
8	Rental Income Prepaid by Tenants	8
<b>Analysis of Fund Balances</b>		
921	Capital Account	932
6	Surplus Income	6
<b>927</b>		<b>938</b>

## NATURE AND PURPOSE OF VARIOUS FUNDS

The nature and purpose of the Funds' detailed above is as follows:

### **Belmont Trust Estate**

Estate gifted in 1918 by the late Mrs Emma Caird or Marryat of Roseangle, Dundee, in memory of her husband and her brothers, to be utilised for the benefit of the citizens of Dundee. The balance on the Fund at 31 March 2022 was £0.185m (31 March 2021 £0.185m).

### **Camperdown Estate Trust**

Purchased in the interest and for the benefit of the Community on 11 November 1945, at a cost of £58,100 which was provided by the Sir James Caird Land Acquisition Fund. The balance on the Fund at 31 March 2022 was £0.003m (31 March 2021 £0.003m).

### **William Dawson Trust**

Residue of estate handed over to the Lord Provost and Magistrates of the City of Dundee as trustees in 1948, for the purpose of acquiring ground for use as playing fields in wards X and XI. The balance on the Fund at 31 March 2022 was £0.006m (31 March 2021 £0.006m).

### **Hospital Fund**

This Fund was established under the Dundee Churches and Hospital Act 1864, on behalf of the poor of the town. An annual payment of £80 is made from the Fund to local pensioners who require financial assistance. The balance on the Fund at 31 March 2022 was £0.744m (31 March 2021 £0.733m).

### **The Dundee Trust**

The Dundee Trust was awarded charitable status by the Office of the Scottish Charity Regulator (OSCR) and was entered in the Scottish Charity Register on 15 January 2016. The various charitable purposes of The Dundee Trust are recorded in the Trust Deed, signed on 17 November 2015. During the 2017/2018 financial year, the Trust received donations totalling £69,927 as a result of the reorganisation of thirteen charitable trusts for which Dundee City Council acted as sole trustee. These donations, together with interest accruing, have



now been fully distributed by the Dundee Trust, in line its stated charitable purposes. The balance on the Fund at 31 March 2022 was £ nil (31 March 2021 £ nil).

**CHARITIES REGISTERED WITH OFFICE OF THE SCOTTISH CHARITY REGULATOR**

During 2020/2021, the following Charitable Trusts and Endowments were registered with the Office of the Scottish Charity and Regulator (OSCR):

Belmont Estate Trust (SC018900)
Camperdown Estate (SC018899)
William Dawson Trust (SC018920)
Hospital Fund (SC018896)
The Dundee Trust (SC046260)

**40 Charities Account (Unregistered Charities)**

The Council acts as sole Trustee for 5 Charities. The Income & Expenditure Account below details the transactions in the year and the Balance Sheet summarises the assets and liabilities at the year end. An analysis of the assets and liabilities included within the Balance Sheet over the various trusts is also shown within the notes to the Charities Account.

2020/2021 Actual £000	Income & Expenditure Account	Interest on Investments £000	Other Income £000	2020/2021 Total Income £000	Expenditure £000	(Surplus)/ Deficit £000
(291)	Fleming Trust	(2)	(370)	(372)	175	(197)
(3)	Other Charities (4 in total)	(0)	-	(0)	-	(0)
<b>(294)</b>	<b>Total</b>	<b>(2)</b>	<b>(370)</b>	<b>(372)</b>	<b>175</b>	<b>(197)</b>

2021 £000	Balance Sheet as at 31 March	2022 £000
6,463	<b>Tangible Fixed Assets</b>	6,463
<b>6,463</b>		<b>6,463</b>
	<b>Current Assets</b>	
48	Sundry Debtors	84
1,613	Short Term Investments	2,013
791	Bank	655
<b>2,452</b>		<b>2,752</b>
	<b>Less Current Liabilities</b>	
(64)	Sundry Creditors	(167)
<b>(64)</b>		<b>(167)</b>
2,388	<b>Net Current Assets</b>	2,585
<b>8,851</b>	<b>Total Assets Plus Net Current Assets</b>	<b>9,048</b>
<b>8,851</b>	<b>Net Assets</b>	<b>9,048</b>
	<b>Financed By Fund Balances and Reserves</b>	
	Not Available for Use:	
6,463	Revaluation Reserve	6,463
<b>6,463</b>		<b>6,463</b>
	<b>Available for Use:</b>	
2,388	Fund Balances	2,585
<b>8,851</b>		<b>9,048</b>

**FLEMING TRUST**

Included in the expenditure shown above, the Fleming Trust incurred capital expenditure of £65,261 financed from revenue in 2021/2022 (2020/2021 £nil). No capital receipts were received in 2021/2022 (2020/2021 £Nil).

**NATURE AND PURPOSE OF VARIOUS FUNDS**

The nature and purpose of the Fund detailed above is as follows:

Fleming Trust

This Trust was established with sums gifted in 1929 by Robert Fleming for the purchase of land and buildings and the provision of suitable accommodation for re-housing the displaced occupants of slum property in Dundee. The balance on the Trust at 31 March 2021 was £8.543m (31 March 2021 £8.346m).

**ANALYSIS OF CHARITIES ACCOUNT BALANCE SHEET**

	Balance Sheet at 31 March 2021 £000	Gross Income £000	Gross Expenditure £000	Capital Expenditure/ Receipts & Transfers £000	Balance Sheet at 31 March 2022 £000
<b>Fleming Trust</b>					
Fixed Assets	6,463	-	-	-	6,463
Current Assets	1,947	372	(65)	-	2,254
Current Liabilities	(64)		(110)		(174)
<b>Net Assets</b>	<b>8,346</b>	<b>371</b>	<b>(80)</b>	<b>-</b>	<b>8,543</b>
Revaluation Reserve	6,463	-	-	-	6,463
Fund Balance	1,883	372	(175)		2,080
	<b>8,346</b>	<b>372</b>	<b>(175)</b>	<b>-</b>	<b>8,543</b>
<b>Others</b>					
Current Assets	505	0	-	-	505
<b>Net Assets</b>	<b>505</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>505</b>
Fund Balance	505	0	-	-	505
	<b>505</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Total</b>					
Fixed Assets	6,463	-	-	-	6,463
Current Assets	2,452	372	(65)	-	2,759
Current Liabilities	(64)	-	(110)	-	(174)
<b>Net Assets</b>	<b>8,851</b>	<b>372</b>	<b>(175)</b>	<b>-</b>	<b>9,048</b>
Revaluation Reserve	6,463	-	-	-	6,463
Fund Balance	2,388	372	(175)		2,585
	<b>8,851</b>	<b>372</b>	<b>(175)</b>	<b>-</b>	<b>9,048</b>

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

	Museum & Art Gallery Collections £000	Other Heritage Assets £000	Total Assets £000
1 April 2021	7,248	1,134	8,382
Additions	-	-	-
<b>31 March 2022</b>	<b>7,248</b>	<b>1,134</b>	<b>8,382</b>

**Museum and Art Gallery Collections**

The valuation disclosed in the balance sheet is based on the assessment by the Council's insurers of the replacement value of the collection. Items valued in excess of £100,000 are detailed individually in the Museums Insurance schedule and these make up the total of assets included in this category.

**Other Heritage Assets**

This includes the Desperate Dan statue, Balgay Bridge and Linlathen Bridge.

**Additions & Disposals of Heritage Assets**

Additions in 2021/2022 - £Nil (2020/2021 - £Nil)

There were no disposals in 2021/2022 (2020/2021 - none)

**42 Heritage Assets: Further Information****Museum and Art Gallery Collections**

The Dundee Art Galleries and Museums Collection which is largely housed at the McManus Art Gallery & Museum in the City Centre, forms the major part of the heritage assets held by the Council.

The Art Gallery & Museum's major collection groups include Community History, Decorative Arts/Crafts, Early History, Fine Art, Natural History, Social History and World Cultures.

**New Collection - 'Charting New Waters'**

An exhibition in 2015/2016 entitled 'Charting New Waters' introduces two major acquisitions to Dundee's collection. Paintings by Frances Walker, inspired by wild and remote places are the most significant gift by an artist to Dundee's nationally significant fine art collection for over 25 years. In addition, eight ship models and related material, previously owned by the pioneering Dundee, Perth & London Shipping Company Ltd (DP&L) are a significant addition to the collection.

**Community History**

Collections of objects relating to the community and domestic life of Dundee, including civic history and recreation, along with costume.

**Decorative Arts / Crafts**

The collection of Scottish Provincial Silver consists of about 400 items, with excellent coverage of all known Dundee makers. Ceramics range from ornamental Japanese Satsuma ware and English 18th century porcelain to an expanding collection of contemporary Studio ceramics by mainly Scottish makers.

**Early History**

These collections comprise regional archaeology dating from prehistoric times to the Middle Ages drawn from the Dundee area, foreign artefacts representing ancient Egypt and more recent world culture, and an extensive collection of coins and medals.

**Fine Art**

This collection of over 4,000 works consists of oil paintings, watercolours, drawings, artists' prints and sculptures. Excellent coverage of 19th and 20th century Scottish Art with notable Dundee artists, John Duncan and McIntosh Patrick, and fine art photography by Joseph McKenzie are included in this collection.

**Natural History**

This section includes geological and botanical collections along with vertebrate and invertebrate zoology material.

**Social History**

This collection includes areas of interest ranging from Dundee's industrial and working history, to shipbuilding and transport.

**World Cultures**

This collection includes fascinating material from different cultures around the world, including artefacts brought back to Dundee by whalers, and important 'early contact' material from the 1874 Moresby expedition to Papua New Guinea.

Further information about these and other collections can be found at [here](#).

**Library Collections of Rare Books, Manuscripts and Archives**

The Rare Book Collections, Manuscripts and Archives are mainly held in the Central Library.

Among the collections and features are:

- Maps & plans – a wide range of maps and plans from early times to date,
- Lamb Collection, a unique resource of 450 archive boxes of ephemera, dating mainly from the latter part of the nineteenth century,
- Taybridge Disaster – a wealth of maps, plans, books, documents, drawings and photographs on the two Tay rail bridge disasters,
- A wide-ranging collection of works by and about William McGonagall
- Rare books and manuscripts – Dundee possessed one of Europe’s earliest municipal libraries

Further information about these and other collections can be found [here](#).

**Preservation and Management**

The Director, Leisure & Communities, is responsible for making arrangements for the proper administration of the Galleries and Museums Collections. Assets are collated, preserved and managed in accordance with The Council’s policy on management, acquisitions and disposals, as detailed in the Collections Development Policy 2013 – 2018. The full policy document can be found [here](#).

**43 Other Long Term Liabilities**

	31 March 2021 £000	31 March 2022 £000
PPP Schools Liability	61,579	59,238
DBFM School Liability (Baldragon)	25,013	24,070
Service Concession Arrangement Liability (Waste Project)	42,042	58,269
Financing Arrangement (Dundee House)	22,871	22,518
Burial Grounds Perpetuity Fund	93	93
<b>Total</b>	<b>151,598</b>	<b>164,188</b>

**44 Long Term Debtors**

	31 March 2021 £000	31 March 2022 £000
Advances to Tayside Contracts for Capital Expenditure	9,419	9,536
Loans to Other Organisations	1,609	1,598
Housing Loans / Mortgages	2,332	1,956
<b>Total</b>	<b>13,360</b>	<b>13,090</b>

**45 Service Income and Expenditure Including Internal Recharges**

The service lines in the Comprehensive Income and Expenditure Statement exclude internal recharges (controllable budgets). The income and expenditure for each service, inclusive of internal recharges, are shown below:

	2021/2022			
	Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	Internal Recharging Adj £000
Children & Families Services	218,164	(37,873)	180,291	-
Budgets Delegated to Dundee Health & Social Care Partnership	236,136	(140,191)	95,945	-
City Development	103,685	(33,874)	69,811	13,259
Neighbourhood Services	45,289	(16,984)	28,305	5,470
Chief Executive	16,653	(1,512)	15,141	-
Corporate Services	99,458	(60,173)	39,285	5,916
DCS Construction	26,447	(24,414)	2,033	16,794
Housing Revenue Account	67,223	(55,559)	11,664	564
Discretionary NDR Relief	380	-	380	-
Tayside Valuation Joint Board	932	-	932	-
Miscellaneous Items	4,763	(1,902)	2,861	1,120
<b>Cost Of Services</b>	<b>819,130</b>	<b>(372,482)</b>	<b>446,648</b>	<b>43,123</b>

	2020/2021		Net	Internal
	Gross Expenditure	Gross Income	Expenditure / (Income)	Recharging Adj
	£000	£000	£000	£000
Children & Families Services	199,995	(37,637)	162,358	-
Budgets Delegated to Dundee Health & Social Care Partnership	218,157	(134,206)	83,951	-
City Development	102,229	(28,868)	73,361	11,370
Neighbourhood Services	45,193	(15,852)	29,341	6,011
Chief Executive	13,201	(1,175)	12,026	-
Corporate Services	93,202	(60,053)	33,149	2,416
DCS Construction	22,195	(23,282)	(1,087)	15,465
Housing Revenue Account	60,788	(55,580)	5,208	564
Discretionary NDR Relief	369	-	369	-
Tayside Valuation Joint Board	946	-	946	-
Miscellaneous Items	4,951	(1,822)	3,129	1,120
<b>Cost Of Services</b>	<b>761,226</b>	<b>(358,475)</b>	<b>402,751</b>	<b>36,946</b>

#### 46 Revenue from Contracts with Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2020/2021	Revenue from contracts with service recipients:	2021/2022
£000		£000
51,222	Housing Rents	51,281
2,868	Sheltered Housing Charge	2,830
2,763	Temporary Accommodation Properties	3,177
5,243	Residential Care	5,179
1,295	Non Residential Care	1,227
321	School Meals	764
653	Social Care Meals	664
812	Off Street Parking	2,146
805	On Street Parking	1,659
673	Building Warrants	781
435	Planning Applications	643
655	Trade Waste	835
442	Special Collections	474
835	Garden Waste Collections	839
495	Licensing	454
630	Burial Ground Charges	607
1,622	Miscellaneous	1,964
<b>71,769</b>	<b>Total Included in Comprehensive Income and Expenditure</b>	<b>75,524</b>

#### 47 Capital Grants & Receipts Unapplied Account

	31 March 2021	31 March 2022
	£000	£000
Capital Grants	1,464	1,387
Future Transformation Projects	3,529	327
<b>Total</b>	<b>4,993</b>	<b>1,714</b>

**48 Debtors for Local Taxation**

	31 March 2021 £000	31 March 2022 £000
<b>Up to One Year:</b>		
Council Tax	1,974	531
NDRI	127	784
<b>Total</b>	<b>2,101</b>	<b>1,315</b>
<b>Over One Year:</b>		
Council Tax	2,276	2,562
NDRI	3,429	3,830
<b>Total</b>	<b>5,705</b>	<b>6,392</b>
<b>Total</b>		
Council Tax	4,250	3,093
NDRI	3,556	4,614
<b>Total</b>	<b>7,806</b>	<b>7,707</b>

**49 TAY CITIES REGION DEAL - LEAD AUTHORITY DISCLOSURES**

The Tay Cities Region Deal was signed on 17th December 2020. It represents an investment in the Tay Cities region by the Scottish and UK Governments of £150 million each over 10 years. The City Region Deal seeks to transform the regional economy by delivering inclusive growth: raising the productivity of the region and increasing the participation of its workforce.

During 2021/2022, six projects Business Cases and one programme Business Case were approved by the Tay Cities Region Joint Committee. Full Business case approval from the Joint Committee is required ahead of any drawdown of the funding.

During 2021-22, £38.841m drawdown of government grant had been made successfully. This included £9.0m of accelerated funding, over what was agreed at the Deal signing. At the 31st March 2022, Grant due from Scottish Government was £16.388m and Grant payments due to projects were £16.388m.

Dundee City Council acts as the Accountable Body for the Tay Cities Deal.

The analysis of funding awarded to individual projects and drawdown of grant is shown in the table below, which reflects both Capital and Revenue projects.

Project	Grant Award £000	Funded By SG £000	Funded By UKG £000	2021/22 Approved Allocation £000	2021/22 Grant Claimed £000	2021/22 Grant Paid during year £000	Grant claims Outstanding as at 31 March £000	Grant pymts Outstanding as at 31 March £000
Dundee Airport Investment	8,900	8,900	-	-	-	-	-	-
Perth Bus & Rail Interchange	15,000	15,000	-	-	-	-	-	-
Low Carbon & Active Travel Hubs	3,500	3,500	-	635	-	-	-	-
Advanced Manufacturing	8,000	8,000	-	-	-	-	-	-
Advanced Plant Growth Centre	27,000	7,000	20,000	4,493	5,969	5,969	2,819	2,819
International Barley Hub	35,000	10,000	25,000	6,757	7,862	7,862	3,968	3,968
Angus Fund	26,500	-	26,500	-	-	-	-	-
CyberQuarter	11,700	6,000	5,700	4,100	4,424	4,424	3,292	3,292
Eden Campus	26,500	2,000	24,500	8,924	7,434	7,434	3,239	3,239
Just Tech	15,000	-	15,000	-	-	-	-	-
Growing the Tay Cities BioMedical Cluster	25,000	25,000	-	3,199	1,153	1,153	486	486
Perth City Hall	10,000	-	10,000	6,327	7,263	7,263	1,153	1,153
Pitlochry Festival Theatre	10,000	10,000	-	-	-	-	-	-
Plastics Recycling (Beacon project)	5,200	-	5,200	-	-	-	-	-
Perth Innovation Highway	5,000	-	5,000	-	-	-	-	-
Regional Culture and Tourism Programme	27,000	27,000	-	3,651	1,757	1,757	122	122
Studio Dundee	3,000	3,000	-	-	-	-	-	-
Aviation Academy for Scotland	8,100	-	8,100	-	-	-	-	-
Rural Broadband	2,000	-	2,000	1,800	1,940	1,940	570	570
5G Testbeds	2,000	2,000	-	450	90	90	90	90
Tay Cities Engineering Partnership	1,401	1,401	-	496	288	288	288	288
Innerpeffray Library	100	-	100	-	-	-	-	-

Project	Grant Award £000	Funded By SG £000	Funded By UKG £000	2021/22 Approved Allocation £000	2021/22 Grant Claimed £000	2021/22 Grant Paid during year £000	Grant claims Outstanding as at 31 March £000	Grant pymts Outstanding as at 31 March £000
Aerospace Kinross	1,600	-	1,600	-	-	-	-	-
Crieff International Highland Centre	1,000	-	1,000	-	-	-	-	-
Stretch Dome Simulator	300	-	300	-	300	300	300	300
<b>Total Capital Grant</b>	<b>278,801</b>	<b>128,801</b>	<b>150,000</b>	<b>40,832</b>	<b>38,480</b>	<b>38,480</b>	<b>16,327</b>	<b>16,327</b>
Regional Skills Programme	20,000	20,000	-	1,289	-	-	-	-
Tay Cities Engineering Partnership	599	599	-	61	61	61	61	61
Dundee Airport Investment	600	600	-	300	300	300	-	-
<b>Total Revenue Grant</b>	<b>21,199</b>	<b>21,199</b>	<b>-</b>	<b>1,650</b>	<b>361</b>	<b>-</b>	<b>61</b>	<b>61</b>
<b>TOTAL</b>	<b>300,000</b>	<b>150,000</b>	<b>150,000</b>	<b>42,482</b>	<b>38,841</b>	<b>38,841</b>	<b>16,388</b>	<b>16,388</b>

The Programme Management Office (PMO) supports the governance of the deal by completing operational tasks necessary to implement the Tay Cities Deal programme. The income and expenditure of the PMO is summarised in the table below:

	2020/2021 £000	2021/2022 £000
Expenditure	311	322
Income	(332)	(343)
<b>Net Expenditure</b>	<b>(21)</b>	<b>(21)</b>

The PMO is funded from partner local authorities, Higher and Further Education and Research partners. A combined underspend of £194,000 was carried forward to 2022/23.

Further information can be found at: [www.taycities.co.uk](http://www.taycities.co.uk)



**50 Coronavirus / Covid-19 - Service Costs and Income**

	2020/21 Net Expenditure/ (Income) £000	2021/22 Expenditure £000	2021/22 (Income) £000	2021/22 Net Expenditure/ (Income) £000
<b>Children and Families:</b>				
Free school meal payments/ additional cost of meals	1,972	424	-	424
Additional NQT teachers (including supply cover) and support staff	43	3,079	-	3,079
Personal protective equipment / additional cleaning	1,104	611	-	611
Children services (LAC placements/additional staff/transfer)	975	1,109	-	1,109
Key worker costs (nursery placements)	421	0	-	0
Other costs	152	0	-	0
Lost income from school meals	656	0	-	0
Mental health and wellbeing	-	393	-	393
Lost income from breakfast clubs	-	100	-	100
Digital expenditure	-	274	-	274
CO2 Monitors - Facilities Staff Time	-	2	-	2
Income for administration of ACM Grants (Only Element in Accounts - Agency Payments)	-	0	(8)	(8)
Community Justice Service (Accounts position)	-	596	(548)	48
<b>City Development:</b>				
Property costs including costs associated with bringing all lock down properties back into operation	629	884	-	884
Standby / retainer payments – Tayside Contracts	1,452	-	-	0
Standby / retainer payments – Construction Services	852	68	-	68
Business Support Fund - Discretionary Grants	245	1,547	-	1,547
Car Parking lost income	3,884	1,727	-	1,727
Architects / Engineers fees lost income	2,151	334	-	334
GAM lost income	331	-	-	0
Reduced income from property rents, planning applications, building warrants, advertising etc	702	229	-	229
<b>Neighbourhood Services:</b>				
Additional transport costs	96	122	-	122
Increase in residual waste disposal costs	408	61	-	61
Lower income from community centre lets, café sales etc	63	59	-	59
Lower income from trade waste, special collections, sale of recyclates	641	224	-	224
Operation of mass vaccination centre at Caird Hall	-	689	-	689
WiFi in community centres / community based activities	-	10	-	10
Supporting people affected by homelessness	-	79	-	79
Other costs	-	192	-	192
<b>Chief Executive:</b>				
Community food costs	155	334	-	334
Support for at risk individuals	31	-	-	-
Additional Funding for LACD Covid Income shortfall	-	2,100	-	2,100
<b>Corporate Services:</b>				
Personal protective equipment	111	134	-	134
Council tax - additional bad debt provision and CT reductions	1,095	583	-	583
Discretionary housing payments	304	125	-	125
Crisis Grants	151	-	-	0
Family and low income pandemic payments	-	2,549	(2,549)	0
Food Fund - supply of food	38	-	-	0

	2020/21 Net Expenditure/ (Income) £000	2021/22 Expenditure £000	2021/22 (Income) £000	2021/22 Net Expenditure/ (Income) £000
Spring hardship payments	-	20	-	20
Winter / Spring support payments (agency arrangement)	-	-	-	-
DEAP / Fuel Well payments	284	403	-	403
Lower income from Registrars, Tayside Scientific Services, underground garage	475	477	-	477
Self isolation support grants (agency arrangement)	-	2,796	(2,796)	0
SG Winter covid support	-	503	-	503
Various other covid supports	-	492	-	492
Other costs	45	19	-	19
<b>Construction Services</b> - Increased overheads partly recovered through standby / retainer payments	-	456	(221)	235
<b>HRA</b> (incl standby / retainer payments to Construction Services)	3,503	336	-	336
<b>Capital Financing Costs</b> (Write-off of Site 6 Development Fees)	-	964	-	964
<b>Capital</b> (General Services)	-	156	-	156
<b>TOTAL</b>	<b>22,969</b>	<b>25,260</b>	<b>(6,122)</b>	<b>19,138</b>

In addition to the service specific income shown above, the Council has received additional funding from the Scottish Government totalling £13.093m in 2021/2022. The above figures do not include funding received from the UK Government's Coronavirus Job Retention Scheme (CJRS). The Council received funding totalling £0.091m from the CJRS in 2021/2022 (£0.047m recognised in 2021/22 and £0.044m to be recognised in the 2022/23 accounts.)

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

2020/2021 £000		2021/2022 £000
90,711	Gross Council Tax levied and contributions in lieu	91,392
(32)	Adjustments for prior years Council Tax	(60)
90,679		91,332
	Adjusted for:	
(18,402)	Other discounts and reductions	(18,502)
(13,255)	Council Tax Reduction Scheme	(12,961)
(2,642)	Provision for Non-collection	(1,944)
<b>56,380</b>	<b>Net Council Tax Income per the Comprehensive Income and Expenditure Account</b>	<b>57,925</b>

The calculation of the Council Tax Base 2021/22:

	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings	Ratio to Band D	Band D Equivalents
<b>Band A</b>	28,086	3,420	33	16,526	695	24,633	240/360	13,436
<b>Band B</b>	17,237	1,746	49	7,899	285	15,442	280/360	10,363
<b>Band C</b>	9,593	1,140	57	3,586	124	8,396	320/360	6,611
<b>Band D</b>	9,248	564	71	2,819	97	8,613	360/360	7,859
<b>Band E</b>	7,469	830	79	1,699	80	6,560	473/360	7,449
<b>Band F</b>	2,411	83	20	476	25	2,308	585/360	3,143
<b>Band G</b>	1,085	23	8	186	11	1,054	705/360	1,670
<b>Band H</b>	39	4	-	6	2	35	882/360	65
						<b>TOTAL</b>		50,596
						<b>Provision for non-collection (3.2%)</b>		(1,619)
						<b>Council Tax Base</b>		48,977

Dwellings fall within a valuation band between A to H which is determined by the Assessor. The Council Tax charge is calculated using the Council Tax Base i.e. Band D equivalents. This value is then increased or decreased depending on the band. Based on the Council Tax base available to Dundee City Council, the band D charge for 2021/2022 was £1,379.

Dundee City Council £ per year for 2021/2022:

<b>Band A</b>	£919.33
<b>Band B</b>	£1,072.56
<b>Band C</b>	£1,225.78
<b>Band D</b>	£1,379.00
<b>Band E</b>	£1,811.85
<b>Band F</b>	£2,240.88
<b>Band G</b>	£2,700.54
<b>Band H</b>	£3,378.55

National Non Domestic Rates (NNDR) income is collected by local authorities, but all income is then remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to local authorities along with the Revenue Support Grant.

<b>2020/2021</b>		<b>2021/2022</b>
<b>£000</b>		<b>£000</b>
97,469	Gross rates levied and contributions in lieu	95,902
	Less:	
(60,675)	Reliefs and other deductions	(47,225)
(12,030)	Write Off of uncollectable debt and allowance for impairment	(11,978)
<b>24,764</b>	<b>Net Non Domestic Rate Income</b>	<b>36,699</b>
(4,282)	Adjustment to Previous Years' Non-Domestic Rates	-
<b>20,482</b>	<b>Total Non Domestic Rate Income (before local authority retentions)</b>	<b>36,699</b>
-	Non Domestic Rates Retained by Authority	593
<b>20,482</b>	<b>Contribution to Non-Domestic Rate Pool</b>	<b>37,292</b>

### **Net Rateable Value Calculation**

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £, which is determined each year by the Scottish Government. The basic property rate NNDR poundage set by the Scottish Government for 2020/2021 was £0.490, the intermediate property rate was £0.503, payable when rateable value is between £51,000 and £95,000, and the higher property rate was £0.516, payable when rateable value exceeds £95,000.

	<b>2021/2022</b>
	<b>£000</b>
<b>Analyses of Rateable Values:</b>	
Rateable Value at 1/4/2021	188,603,000
Running Roll (Full Year Rateable Value)	131,000
Rateable Value at 31/3/2022	188,734,000
Less: Wholly Exempt	(7,500,000)
<b>Net Rateable Value at 31/03/2022</b>	<b>181,234,000</b>
<b>Dundee City Council's Rateable Values at 1 April 2021</b>	<b>£000</b>
Commercial	95,576
Industrial and Freight Transport	31,555
Public Undertakings	6,711
Others	54,892
<b>Total</b>	<b>188,734</b>

**Housing Revenue Account - Income & Expenditure Statement**

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 the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2020/2021 £000	Notes	2021/2022 £000
<b>Income</b>		
51,222		51,280
830		814
3,435		3,371
<b>55,487</b>		<b>55,465</b>
<b>Expenditure</b>		
(19,248)		(19,320)
(13,046)		(13,968)
(288)		(299)
(25,293)		(30,789)
(2,819)	5	(2,752)
<b>(60,694)</b>		<b>(67,128)</b>
<b>(5,207)</b>		<b>(11,663)</b>
<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		
(478)		(502)
<b>(5,685)</b>		<b>(12,165)</b>
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
113		14
(6,749)		(6,259)
321		309
133		24
(145)		(103)
-		(43)
(7)		-
(156)		(226)
<b>(12,175)</b>		<b>(18,449)</b>
<b>Surplus or (Deficit) for the Year on HRA Services</b>		

**Housing Revenue Account - Movement in Reserves Statement**

2020/2021 £000	Notes	2021/2022 £000
(12,175)		(18,449)
14,319	1	20,148
2,144		1,699
(2,144)	2	(1,699)
-		-
-		-
<b>Balance on the HRA at the end of the Current Year</b>		

**Housing Revenue Account – Disclosures****1 Adjustments between Accounting Basis and Funding Basis under Statute**

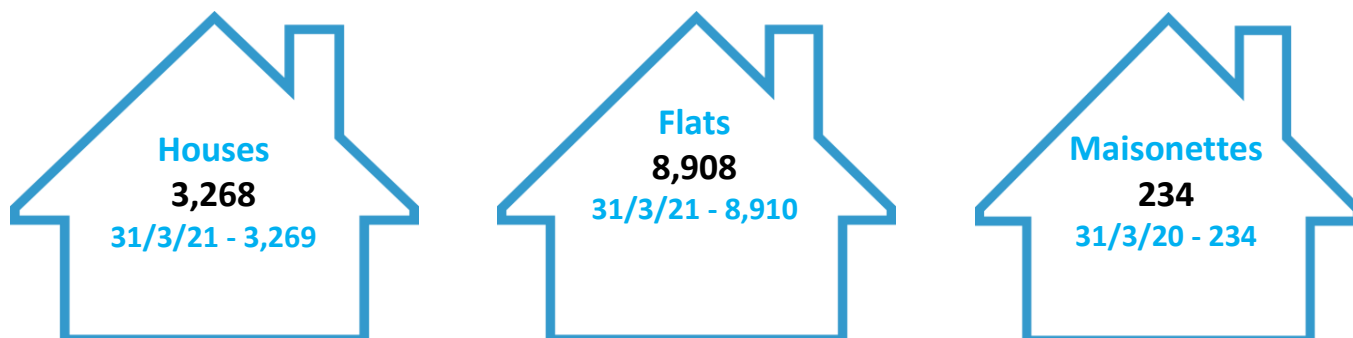
2020/2021 £000		2021/2022 £000
(113)	Gain or loss on sale of HRA non-current assets	(14)
(321)	Impairment of Assets Held for Sale	(309)
	Transfer to/from Revaluation Reserve:	
14,403	* Current Value Element of Depreciation Charge	13,865
	Transfer to/from Capital Adjustment Account:	
10,890	* Depreciation and Impairment - Housing Revenue Account Assets	16,924
7	* Capital Grants and Contributions	-
(11,131)	* Repayment of Debt	(11,480)
-	* Capital Financed from Current Revenue (CFCR)	
0	Change in Fair Value of Investment Property	43
(4)	Short Term Accumulating Absences	2
691	HRA share of contributions to or from the Pensions Reserve	1,207
(103)	HRA Share of Transfer to/from the Financial Instruments Adjustment Account	(90)
<b>14,319</b>	<b>Total</b>	<b>20,148</b>

**2 Transfers (to) or from Reserves**

2020/2021 £000		2021/2022 £000
(2,144)	Transfer (to)/from the Renewal & Repair Fund	(1,699)
-	Transfer from General Fund (Funding for CFCR from Reduced Council Tax Discounts on long-term Empty Properties and Second Homes)	-
<b>(2,144)</b>	<b>Total</b>	<b>(1,699)</b>

**3 Housing Stock**

The Council's housing stock at 31 March 2022 was as follows:

**4 Rent Arrears**

Rent Arrears at 31 March 2022 were £4,916,345 (£4,402,263 at 31 March 2021).

**5 Impairment of Debtors**

In 2021/2022 an impairment of £5,126,795 has been provided in the Balance Sheet for irrecoverable rents, a net increase of £862,512 from the provision in 2020/2021.

**6 Voids**

The total value of uncollectable void rents was £1,678,442 (2020/2021 £1,610,167). This has been netted against rental income.

**7 Accumulated Housing Revenue Account Balance**

The Renewal & Repair Fund balance at 31 March 2022 was £13.170m, of which £9.860m was earmarked for the Housing Revenue Account.

The Group Comprehensive Income and Expenditure Statement combines the income and expenditure figures of the Council with the Council's share of operating results of those entities in which it has a financial interest.

2020/2021			2021/2022			
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
199,995	(37,637)	162,358	Children & Families Services	218,164	(37,873)	180,291
218,157	(134,206)	83,951	Dundee Health & Social Care Partnership	236,136	(140,191)	95,945
90,859	(17,498)	73,361	City Development	90,426	(20,615)	69,811
39,262	(10,204)	29,058	Neighbourhood Services	39,928	(11,884)	28,044
3,857	(929)	2,928	Chief Executive	16,653	(1,512)	15,141
90,786	(57,637)	33,149	Corporate Services	93,542	(54,257)	39,285
6,730	(7,817)	(1,087)	Construction	9,653	(7,620)	2,033
60,224	(55,016)	5,208	Housing Revenue Account	66,659	(54,995)	11,664
369	-	369	Discretionary NDR Relief	380	-	380
946	-	946	Tayside Valuation Joint Board	932	-	932
3,831	(702)	3,129	Miscellaneous Items	3,643	(782)	2,861
147	-	147	Common Good Fund	144	-	144
16,037	(5,235)	10,802	Leisure and Culture Dundee	18,333	(5,315)	13,018
1,258	(290)	968	Associates Accounted for on an Equity Basis	1,376	-	1,376
88,726	-	88,726	Joint Ventures Accounted for on an Equity Basis	90,530	-	90,530
<b>821,184</b>	<b>(327,171)</b>	<b>494,013</b>	<b>Cost Of Services</b>	<b>886,499</b>	<b>(335,044)</b>	<b>551,455</b>
		(383)	Other Operating Expenditure			(3)
		(152)	Share of Other Operating Expenditure (Associates)			(155)
		(701)	Share of Other Operating Expenditure (Joint Ventures)			-
		(2,890)	Share of Other Operating Expenditure (Subsidiaries)			(7,332)
		30,080	Financing and Investment Income and Expenditure			32,245
		21	Share of Financing and Investment Income and Expenditure (Associates)			15
		34	Share of Financing and Investment Income and Expenditure (Subsidiaries)			140
		(409,825)	Taxation and Non-Specific Grant Income			(409,798)
		(95,259)	Share of Taxation and Non-Specific Grant Income (Joint Ventures)			(102,078)
		(986)	Share of Taxation and Non-Specific Grant Income (Associates)			(2,011)
		<b>13,952</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>62,478</b>
		3,689	(Surplus) or Deficit on revaluation of fixed assets			(14,439)
		1,041	Impairment losses on non-current assets charged to Revaluation Reserve			1,717
		(357)	(Surplus) or Deficit on financial assets measured at fair value through other comprehensive income			(18)
		(56,038)	Remeasurements of the net defined benefit liability (asset)			(108,951)
		(382)	Share of Other Comprehensive Income and Expenditure (Associates)			(717)
		<b>(52,047)</b>	<b>Other Comprehensive (Income) / Expenditure</b>			<b>(122,408)</b>
		<b>(38,095)</b>	<b>Total Comprehensive (Income) / Expenditure</b>			<b>(59,930)</b>

The Group Movement in Reserves Statement shows the movement in the year on the different reserves held by the council, together with the movement in the Council's shares of those entities in which it has a financial interest.

	<u>Revenue Reserves</u>				<u>Capital Reserves</u>		<b>Total Usable Reserves</b> £000	Unusable Reserves £000	<b>Total Reserves</b> £000
	General Fund Balance £000	HRA Balance £000	Renewal and Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000			
<b>Balance at 31 March 2020</b>	<b>(21,799)</b>	-	<b>(9,301)</b>	<b>(3,312)</b>	<b>(11,749)</b>	<b>(632)</b>	<b>(46,793)</b>	<b>(697,524)</b>	<b>(744,317)</b>
<b>Movement in reserves during 2020/2021</b>									
Total Comprehensive Expenditure and Income	1,777	12,175	-	-	-	-	13,952	(52,047)	(38,095)
Adjustments to Usable Reserves Permitted by Accounting Standards	(9,850)	(14,403)	-	-	-	-	(24,253)	24,253	-
Adjustments between Group Accounts and Council Accounts	7,679	-	-	-	-	-	7,679	5,431	13,110
<b>Net (Increase)/Decrease before Transfers</b>	<b>(394)</b>	<b>(2,228)</b>	-	-	-	-	<b>(2,622)</b>	<b>(22,363)</b>	<b>(24,985)</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations	(25,334)	84	-	-	(1,500)	-	(26,750)	26,750	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(25,728)</b>	<b>(2,144)</b>	-	-	<b>(1,500)</b>	-	<b>(29,372)</b>	<b>4,387</b>	<b>(24,985)</b>
Transfers to/(from) Earmarked Reserves	(9,318)	2,144	(2,166)	1,088	8,256	(4)	-	-	-
<b>(Increase)/Decrease in 2020/2021</b>	<b>(35,046)</b>	-	<b>(2,166)</b>	<b>1,088</b>	<b>6,756</b>	<b>(4)</b>	<b>(29,372)</b>	<b>4,387</b>	<b>(24,985)</b>
<b>Balance at 31 March 2021 Carried Forward</b>	<b>(56,845)</b>	-	<b>(11,467)</b>	<b>(2,224)</b>	<b>(4,993)</b>	<b>(636)</b>	<b>(76,165)</b>	<b>(693,137)</b>	<b>(769,302)</b>



	<u>Revenue Reserves</u>				<u>Capital Reserves</u>		<b>Total Usable Reserves</b>	Unusable Reserves	<b>Total Reserves</b>
	General Fund Balance	HRA Balance	Renewal and Repair Fund	Insurance Fund	Capital Grants & Receipts Unapplied Account	Capital Fund			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2021</b>	(56,845)	-	(11,467)	(2,224)	(4,993)	(636)	(76,165)	(693,137)	(769,302)
<b>Movement in reserves during 2021/2022</b>									
Total Comprehensive Expenditure and Income	44,029	18,449	-	-	-	-	62,478	(122,408)	(59,930)
Adjustments to Usable Reserves Permitted by Accounting Standards	(11,408)	(13,865)	-	-	-	-	(25,273)	25,273	-
Adjustments between Group Accounts and Council Accounts	(110)	-	-	-	-	-	(110)	(6,229)	(6,339)
<b>Net (Increase)/Decrease before Transfers</b>	<b>32,511</b>	<b>4,584</b>	-	-	-	-	<b>37,095</b>	<b>(103,364)</b>	<b>(66,269)</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations	(48,706)	(6,283)	-	-	279	-	(54,710)	54,710	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(16,195)</b>	<b>(1,699)</b>	-	-	<b>279</b>	-	<b>(17,615)</b>	<b>(48,654)</b>	<b>(66,269)</b>
Transfers to/(from) Earmarked Reserves	(762)	1,699	(1,703)	766	3,000	(3,000)	-	-	-
<b>(Increase)/Decrease in 2021/2022</b>	<b>(16,957)</b>	-	<b>(1,703)</b>	<b>766</b>	<b>3,279</b>	<b>(3,000)</b>	<b>(17,615)</b>	<b>(48,654)</b>	<b>(66,269)</b>
<b>Balance at 31 March 2022</b>	<b>(73,802)</b>	-	<b>(13,170)</b>	<b>(1,458)</b>	<b>(1,714)</b>	<b>(3,636)</b>	<b>(93,780)</b>	<b>(741,791)</b>	<b>(835,571)</b>

The Group Balance Sheet shows as at 31 March the assets and liabilities of the Group and combines the Council's assets and liabilities with the Council's share of those entities assets and liabilities in which it has a financial interest.

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
1,588,281	Property, Plant & Equipment	1,590,185
8,382	Heritage Assets	8,382
13,731	Investment Property	13,573
2,172	Intangible Assets	2,487
29	Long Term Investments	29
455	Investments in Associates	7,118
10,544	Long Term Debtors	10,248
<b>1,623,594</b>	<b>Long Term Assets</b>	<b>1,632,022</b>
9,453	Short Term Investments	11,008
1,102	Inventories	960
66,752	Short Term Debtors	54,786
-	Cash and Cash Equivalents	37,496
5,219	Assets Held for Sale	4,593
<b>82,526</b>	<b>Current Assets</b>	<b>108,843</b>
(51,242)	Short Term Borrowing	(35,010)
(80,474)	Short Term Creditors	(102,005)
(1,678)	Cash and Cash Equivalents	-
<b>(133,394)</b>	<b>Current Liabilities</b>	<b>(137,015)</b>
(4,006)	Provisions	(4,927)
(492,347)	Long Term Borrowing	(515,325)
(3,208)	Liabilities in Associates	(1,886)
(147,306)	Pension Liability	(75,485)
(151,598)	Other Long Term Liabilities	(164,188)
(4,959)	Capital Grants Receipts in Advance	(6,468)
<b>(803,424)</b>	<b>Long Term Liabilities</b>	<b>(768,279)</b>
<b>769,302</b>	<b>Net Assets</b>	<b>835,571</b>
76,165	Usable reserves	93,780
693,137	Unusable Reserves	741,791
<b>769,302</b>	<b>Total Reserves</b>	<b>835,571</b>



**Robert Emmott BSc CPFA**  
**Executive Director of Corporate Services**  
**Dundee City Council**  
**29 June 2022**

The notes on pages 133 to 137 form part of the financial statements.

The Group Cash Flow Statement shows the change in the year of cash and cash equivalents of the Council and those entities in which it has a financial interest.

2020/2021 £000		2021/2022 £000
13,952	Net (Surplus) or Deficit on the provision of services	62,478
(96,208)	Adjust net (Surplus) or Deficit on the provision of services for non cash movements	(159,117)
4,253	Adjust for items included in the net (Surplus) or Deficit on the provision of services that are investing and financing activities	1,335
<b>(78,003)</b>	<b>Net cash flows from Operating Activities</b>	<b>(95,304)</b>
44,463	Investing Activities	58,397
57,608	Financing Activities	(2,267)
<b>24,068</b>	<b>Net (Increase) or Decrease in cash and cash equivalents</b>	<b>(39,174)</b>
22,390	Cash and cash equivalents at the beginning of the reporting period	(1,678)
<b>(1,678)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>37,496</b>

## 1 Impact of Consolidation on Reserves

The impact on total reserves of consolidating group entities is shown in the following tables.

Group Entity	As at 31 March 2022		
	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000
Dundee City Council (Single Entity)	80,785	746,135	826,920
Tayside Contracts Joint Committee	284	(2,157)	(1,873)
Common Good Fund	3,253	23	3,276
Charitable Trust Fund	655	6,463	7,118
Tayside Valuation Joint Board	90	(103)	(13)
Leisure & Culture Dundee	4,437	(8,570)	(4,133)
Design Dundee Limited	493	-	493
Michelin Scotland Innovation Parc	3,783	-	3,783
<b>Total per Group Balance Sheet</b>	<b>93,780</b>	<b>741,791</b>	<b>835,571</b>

Group Entity	As at 31 March 2021		
	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000
Dundee City Council (Single Entity)	69,894	704,427	774,321
Tayside Contracts Joint Committee	285	(5,188)	(4,903)
Common Good Fund	3,265	303	3,568
Charitable Trust Fund	791	6,463	7,254
Tayside Valuation Joint Board	62	(638)	(576)
Leisure & Culture Dundee	1,958	(12,230)	(10,272)
Design Dundee Limited	455	-	455
Michelin Scotland Innovation Parc	(545)	-	(545)
<b>Total per Group Balance Sheet</b>	<b>76,165</b>	<b>693,137</b>	<b>769,302</b>

## 2 Impact of Consolidation on Cash and Cash Equivalents

The impact on total cash and cash equivalents of consolidating group entities is shown below:

Group Entity	At 31 March 2021	At 31 March 2022
	£000	£000
Dundee City Council (Single Entity)	(2,469)	36,841
Charitable Trust Fund	791	655
<b>Total per Group Balance Sheet</b>	<b>(1,678)</b>	<b>37,496</b>

## 3 Group Accounting Policies

The group accounting policies are those specified for the single entity financial statements. The accounting policies of all group entities are materially the same as those of the single entity, except as where subsequently stated. The appropriate consolidation adjustments have been made where group entities are not required to prepare their financial statements on an IFRS basis.

#### 4 Group Entities – Basis of Consolidation

The Group Accounts have been prepared using the 'equity' and 'line by line' methods of consolidation, with appropriate summarisation of the Comprehensive Income & Expenditure Statement and Balance Sheet. This involves bringing into the Group Comprehensive Income & Expenditure Statement the Council's share of profits and losses of the group entities and bringing into the Group Balance Sheet the Council's share of the assets and liabilities of the group entities. The impact of consolidating the results of the Council with these entities is as follows:

	Consolidation Basis	Group Share %	2020/2021		2021/2022	
			Net Expenditure / (Income) £000	Net Assets / (Liabilities) £000	Net Expenditure / (Income) £000	Net Assets / (Liabilities) £000
<b>Subsidiaries:</b>						
Common Good Fund	Sole Trustee	100.00	6	3,568	100.00	3,276
Fleming Trust	Sole Trustee	100.00	(291)	7,254	100.00	7,118
Leisure & Culture Dundee	100% Control	100.00	(1,003)	(10,272)	100.00	(4,133)
<b>Associates:</b>						
Tayside Valuation Joint Board	Requisition Share	30.94	(241)	(576)	30.97	(13)
Tayside Contracts Joint Committee	Share of Business	29.90	-	(4,903)	29.80	(1,873)
Design Dundee Limited	Voting Rights	20.00	(290)	455	20.00	493
<b>Joint Ventures:</b>						
Dundee City Integration Joint Board	Equal Partnership	50.00	(6,669)	-	50.00	-
Michelin Scotland Innovation Parc	Equal Partnership	33.33	(565)	(545)	33.33	3,783
<b>Total Group Entities</b>			<b>(9,053)</b>	<b>(5,019)</b>		<b>8,651</b>
Dundee City Council (Single Entity)			(29,042)	774,321		826,920
Dundee City Council (Group)			<b>(38,095)</b>	<b>769,302</b>		<b>835,571</b>

In 2020/2021, Leisure & Culture Dundee (LACD) was consolidated as a subsidiary on a "line-by-line" basis. In previous years LACD was consolidated as an Associate on a "net equity" basis. This change in accounting treatment reflects the increased level of financial support and other assurances provided by the Council to LACD in the wake of the Covid-19 pandemic.

**Subsidiaries:**Common Good Fund and Fleming Trust

The Council administers the Common Good Fund for the former Burgh of Dundee. Whilst the Council does not have legal title over the assets of the Fund, they are legally vested in the Council and have therefore been included in the Group Accounts on the basis of applying the principle of faithful representation. Similarly, a charitable trust administered by the Council (the Fleming Trust) has also been included in the Group Accounts. The income, expenditure, assets and liabilities of the Common Good Fund and Fleming Trust have been consolidated as subsidiaries on a "line-by-line" basis in the Group Accounts. Separate details of the Common Good Fund are included on page 138. Separate details of the Fleming Trust are included on pages 115.

Leisure and Culture Dundee

Leisure and Culture Dundee (LACD) is a Scottish Charitable Incorporated Organisation (SCIO) that was established to manage the leisure and cultural facilities owned by the Council and has been in operation since 1 July 2011. The operational responsibility for Dundee Ice Arena was also transferred to LACD from 1 April 2014. In 2020/2021, the organisation was consolidated as a subsidiary on a "line-by-line" basis. In previous years LACD was consolidated as an Associate on a "net equity" basis. This change in accounting treatment reflects the increased level of financial support and other assurances provided by the Council to LACD in the wake of the Covid-19 pandemic. For the purpose of consolidation and disclosure, audited accounts to the year ended 31 March 2022 were used.

**Associates:**Tayside Valuation Joint Board

Tayside Valuation Joint Board was created in 1996 to take over from the local authorities in its area certain duties in relation to valuation for Rating and Council Tax. The Valuation Joint Boards (Scotland) Order 1995 provides the regulatory framework for the administration of the Board. Dundee City Council has accounted for it on a "net equity" basis. For the purpose of consolidation and disclosure, audited statutory accounts to the year ended 31 March 2022 were used.

Tayside Contracts Joint Committee

Tayside Contracts is a commercially based local authority contracting organisation providing catering, cleaning, roads maintenance, vehicle maintenance and winter maintenance throughout the Tayside area of Scotland. Tayside Contracts operates under a Joint Committee comprising of elected members from Dundee, Angus and Perth & Kinross Councils. Tayside Contracts is accounted for as an "associate" and has been consolidated on a "net equity" basis. For the purpose of consolidation and disclosure, audited accounts to the year ended 31 March 2022 were used.

Design Dundee Limited

Design Dundee Limited (DDL) was established to organise the development and delivery of the V&A Museum of Design Dundee (V&A Dundee). The Council are one of the founder members of the company together with Universities of Dundee and Abertay, Scottish Enterprise and Victoria & Albert Museum. The company is limited by guarantee and is a registered charity. The Council has one officer appointed as a Director to the Board (total number Directors is currently 9). The company has a wholly owned subsidiary, Dundee Design Enterprises Limited (DDE) which was established to organise the commercial activities of the V&A Museum. DDE's accounts have been consolidated with the company's on a "line-by-line" basis. Both companies have been consolidated with the Council's accounts on a "net equity" basis. For the purpose of consolidation and disclosure, audited management accounts to 31 March 2022 were used.

**Joint Ventures:**Dundee City Integration Joint Board

The Dundee City Integration Joint Board was established 3 October 2015 by a formal legal partnership agreement between the two parent organisations, Dundee City Council and NHS Tayside. It is responsible for the operational management and oversight of delegated health and social care functions with effect from 1 April 2016. The Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Amendment (No 3) Order 2015 provides the regulatory framework for the administration of the Board. It has been accounted for on a "net equity" basis. For the purpose of consolidation and disclosure, audited statutory accounts to the year ended 31 March 2022 were used.

Michelin Scotland Innovation Parc

Michelin Scotland Innovation Parc (MSIP) Limited was created in May 2019 to provide suitable governance arrangements for the Michelin Scotland Innovation Parc on the site of the former Michelin factory. The Council controls 33% of the voting rights and the organisation has been consolidated on an 'net equity' basis. For the purpose of consolidation and disclosure, audited statutory accounts to the year ended 31 March 2022 were used.

Copies of the accounts for all the above organisations can be obtained from the Executive Director of Corporate Services, Dundee City Council, (e-mail: [robert.emmott@dundeecity.gov.uk](mailto:robert.emmott@dundeecity.gov.uk)). In accordance with the Local Authority Accounts (Scotland) Regulations 2014, copies of audited accounts of those organisations treated as subsidiaries will also be published on the Council's website once these are available.

**5 Non-Material Interests in Other Entities**

The Council also has non-material interests in the following other entities:

Discovery Education Companies (3 companies)

Discovery Education PLC, Discovery Education (Holdings) Limited and Discovery Education (Nominee) Limited were established during financial year 2006/2007 to operate the Dundee Schools PPP Project. The Council has a contract with Discovery Education PLC to carry out the projects works and services. Dundee City Council has a 1.5% shareholding in Discovery Education (Holdings) Limited. The Council owns £7,500 Ordinary B shares of £1 each. These 'B' shares have no rights to participate in the profits of the Company and no distributions of any kind, nor do they carry any voting rights at any general meeting of the company. The Council has an officer appointed as a Director on the Board of the company (total number of directors is 3). The Council also has an officer appointed as a Director on the Board of both the other companies although the Council has no shareholding (total number of directors on both other companies is 3). The Council's interest in these companies is accounted for as an investment in the single entity and group accounts.

There are five other entities the Council has an interest in but no investment. The nature of the Council's interest is such that the financial results of these entities do not require to be consolidated in the group accounts. These entities are as follows:

Replacement of Baldragon Academy – Project Delivery Company

An investment of £299,800 has been made by the Council in the Subordinated Debt of the project delivery company (Hub East Central (Baldragon) Limited), this being the maximum investment that can be made under the revised Hub DBFM structure. This debt carries an interest rate of 10% and is repayable on a semi-annual basis from 31 March 2021, with a final repayment date of 31 March 2042. This represents 10% of the total sub debt invested in Hub East Central (Baldragon) Limited ("DBFM Co"). The Council's investment is accounted for as a long term debtor in the single entity and group accounts.

The Council also holds 10 "B" Ordinary Shares in Hub East Central (Baldragon) Midco Limited ("MidCo") representing a 10% share holding. DBFM Co is a wholly owned subsidiary of MidCo.

Dundee Contemporary Arts Limited

The Dundee Contemporary Arts Limited Company was established to operate the Arts Centre in Dundee, which is owned by the Council. There is a lease agreement with the company for the occupation of the Arts Centre. The company is limited by guarantee and the members' liability is limited to a maximum amount of £1. The Council has four elected members and one officer appointed as Directors to the Board (maximum number of Directors is 20).

Dovetail Enterprises (1993) Limited

Dovetail Enterprises Limited was established to provide training and employment for persons with disabilities. The Council provides annual grant funding to this organisation. The Council has also provided an interest free loan of £400,000 and as a result has increased its share of the Standard Security to 33% of the company's liquidated assets. As at 31 March 2022, £300,000 of this loan has been repaid to the Council. During the period 2017-2020 the Council provided further loans of £450,000 at commercial rates. As at 31 March 2022, £350,000 of these commercial loans has been repaid to the Council and as a result the company has outstanding loans totalling £200,000 from the Council. The company is limited by guarantee and the members' liability is limited to £1. The Council has four elected members appointed as Directors to the Board (total number of Directors is 14).

Tay Cities Region Joint Committee

Tay Cities Region Joint Committee was created in September 2017 to provide suitable governance arrangements for the Tay Cities Deal. The financial results of the Joint Committee have not been consolidated in the Council's Group Accounts on the basis that the transactions and balances were less than the de-minimis amount required for the Council to consider consolidation in the Council's accounts. This treatment will be reviewed in future years to ensure that the Joint Committee is consolidated and disclosed within the Council's accounts when this is material.

Studio Dundee Joint Venture Company Limited

Studio Dundee Joint Venture Company Limited (SDJVC) was created in March 2018 to provide suitable governance arrangements for the development of Central Waterfront Development Plot 2. The financial results of the company have not been consolidated in the Council's Group Accounts on the basis that the transactions and balances were less than the de-minimis amount required for the Council to consider consolidation in the Council's accounts. This treatment will be reviewed in future years to ensure that the company is consolidated and disclosed within the Council's accounts when this is material. The Council has indemnified funding of £525,000 to Robertson Capital Projects (RCP) Ltd. The Heads of Terms for the Tay Cities Deal made reference to an investment opportunity for Studio Dundee of up to £3m. During 2020/2021 the Council provided a loan to SDJVC of £1.133m at commercial rates. The loan is repayable by 18 January 2024.

**6. Related Entities Not Consolidated**Tay Road Bridge Joint Board

The Board comprises twelve elected members who are appointed by the three constituent Councils, with Dundee City Council nominating six members. Following the abolition of tolls in February 2008, the revenue and capital expenditure requirements of the Board are met directly by grants from the Scottish Government. The financial results of the Board have not been consolidated in the Council's Group Accounts on the basis that the Council does not have a financial interest or investment in the Board.

National Housing Trust Initiatives

The National Housing Trust (NHT) is a housing initiative developed by the Scottish Government, in partnership with the Scottish Futures Trust and local authorities. The aim is to deliver new homes for mid-market rent while at the same time stimulating the housing market.

Broughty Ferry NHT 2011 LLP

In August 2010, the Council agreed to participate in Phase 1 of the National Housing Trust Initiative, to provide properties for mid-market rent within Dundee subject to suitable bids being received. It was agreed that up to a maximum of 75 units may be considered, involving a prudential borrowing requirement of up to £6.337m. This prudential borrowing would be backed by Scottish Government guarantees. In March 2011, the Council approved a bid from Ferrier Holdings to provide 16 x 2 bedroom flats at East Links Place, Broughty Ferry. The Council would provide 65% of the funding required, with the developer retaining a 35% interest for the minimum five year period. Following the initial five year period the flats could continue to be rented, sold to sitting tenants or sold on the open market.

The Special Purpose Vehicle (SPV) established for this project is Broughty Ferry NHT 2011 LLP. The Council is one of the three designated members of the SPV and provided funding of £1,456,560 during the 2014/15 financial year, by way of a loan which is repayable after 6.5 years. This loan is included at par value under Long Term Debtors in the Council's Balance Sheet. This loan was repaid during April 2020. The financial results of the SPV have not been consolidated in the Council's Group Accounts on the basis that the SPV is deemed to be a subsidiary of the developer and the Council does not therefore have control or exercise significant influence.



The Council administers the Common Good Fund for the former Burgh of Dundee. Common Good Funds came into existence in medieval times when the Crown gave lands to Burghs. The rents and feu-duties on these lands were to be used for the common good, which at that time was the minimal level of public service provided such as public lighting, street cleaning and repairs. Over time, as the level of public services increased, the rates system was introduced as the funding mechanism. The funds still held are to be used for purposes which promote "the general good of the inhabitants".

2020/2021 £000	Income & Expenditure Account	2021/2022 £000
	<b><u>Income</u></b>	
(141)	Dividends on Bonds / Shares	(133)
(141)		(133)
	<b><u>Expenditure</u></b>	
147	Other Expenditure	144
147		144
<b>6</b>	<b>(Surplus)/Deficit for Year</b>	<b>11</b>

2021 £000	Balance Sheet as at 31 March	2022 £000
	<b><u>Current Assets</u></b>	
3,567	Short Term Investments	3,276
3,567		3,276
	<b><u>Current Liabilities</u></b>	
-	Sundry Creditors	-
-		-
<b>3,567</b>	<b>Net Assets</b>	<b>3,276</b>

#### Financed By Fund Balances and Reserves

Not Available for Use:		
303	- Financial Instruments Restatement Reserve	23
303		23
Available for Use:		
3,264	- Common Good Balance	3,253
<b>3,567</b>		<b>3,276</b>



**Robert Emmott BSc, CPFA**  
**Executive Director of Corporate Services**  
**Dundee City Council**  
**29 June 2022**

#### 1. SHORT TERM INVESTMENTS

Included within the Short Term Investments figure of £3,276,556 are investments in Bonds to the value of £3,223,043.

## Independent auditor's report to the members of Dundee City Council and the Accounts Commission

The Annual Accounts set out on pages 51 to 138 are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Fiona Mitchell-Knight, Audit Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

While much of the terminology used in this document is intended to be self explanatory, the following additional definitions and interpretation of terms may be of assistance.

**Accounting Period**

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April.

**Actuarial Gains and Losses (Pensions)**

Changes in actuarial deficits or surpluses that arise because events have not coincided with previous actuarial assumptions or actuarial assumptions have changed.

**Asset**

An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non current asset will provide benefit to the Council and to the Services it provides for a period of more than one year.

**Associate**

An entity in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

**Balance Sheet**

This represents the overall financial position of the Council at the end of the year. All inter-departmental balances have been eliminated upon consolidation.

**Capital Adjustment Account**

The Capital Adjustment Account relates to amounts set aside from capital resources to meet past expenditure.

**Capital Expenditure**

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

**Capital Financing**

The various methods used to finance capital expenditure such as borrowing, leasing, capital receipts, capital grants and use of revenue funding.

**Capital Grants and Receipts Unapplied Account**

The Capital Grants and Receipts Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. Capital receipts that are available to fund qualifying expenditure on transformation or service redesign projects are also held in this account.

**Capital Receipt**

Proceeds from the disposal of land or other non-current assets.

**Capital Receipts Reserve**

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

**Cash Flow Statement**

Shows the changes in cash and cash equivalents by detailing the inflows and outflows of cash arising from revenue and capital transactions.

**Common Good Fund**

Presents a picture of the Council's stewardship of the assets under its control which do not form part of the core financial statements.

**Community Assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal, such as municipal parks.

**Comprehensive Income & Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS).

### **Corporate and Democratic Core**

The Corporate and Democratic Core comprises all activities, which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are therefore over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

### **Council Tax Income Account**

Details the gross and net income from Council Tax.

### **Creditor**

Amounts owed by the council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

### **Current Service Cost (Pensions)**

The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

### **Debtor**

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

### **Defined Benefit Pension Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

### **Depreciation**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

### **Discretionary Benefits (Pensions)**

Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

### **Employee Statutory Adjustment Account**

The Employee Statutory Adjustment Account, which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to and from the account.

### **Entity**

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

### **Events after the Balance Sheet Date**

Are those events both favourable and unfavourable that occur between the Balance Sheet date and the date when the Annual Accounts are signed

### **Expenditure and Funding Analysis**

Demonstrates to council tax and rent payers how the funding available to the Council (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices.

### **Fair Value**

The fair value of an asset is 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.

**Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the Council.

**Finance Lease**

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

**General Fund**

The General Fund encompasses all services areas (with the exception of the Council's housing stock) and is funded mainly by Government Grant and Council Tax.

**Government Grants**

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue or capital spend of the Council in general.

**Gross Expenditure**

This includes all expenditure attributable to the service and activity including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges.

**Gross Income**

This includes grant income and all charges to individuals and organisations for the direct use of the Council's services.

**Group Accounts**

Brings together Dundee City Council and its interests in entities which would be regarded as its subsidiaries or associates or joint ventures if the local authority was subject to the Companies Act.

**Heritage Asset**

An asset with historical, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**Housing Revenue Account**

Reflects the statutory requirement to separately account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure, and how these are met by rents, housing support grant and other income.

**Impairment**

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

**Infrastructure Assets**

Assets belonging to the council represented by highways, footpaths and bridges.

**Insurance Fund**

The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes.

**Intangible Assets**

Non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events.

**Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period of the scheme liabilities because the benefits are one period closer to settlement.

**Inventories**

Items of raw materials and stock the Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

**Liability**

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A long term liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

**Movement in Reserves Statement**

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) and unusable reserves.

**National Non-Domestic Rates Pool**

All Non domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

**Net Book Value**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Non Current Assets**

These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment etc.

**Non Distributed Costs**

Costs that cannot be allocated to specific services and are, therefore, excluded from the total cost relating to Service activity in accordance with the Service Reporting code of Practice. Charges for added pension years and early retirement are examples of these costs.

**Non-Domestic Rate Income Account**

Details the gross and net income from Non-Domestic Rates and the net contribution to the National Non-Domestic Rate Pool.

**Notes to the Core Financial Statements and Other Various Accounts**

These are intended to give the reader further information which is not separately detailed in the financial statements.

**Operating Lease**

A lease where the ownership of a non-current asset remains with the lessor.

**Past Service Cost (Pensions)**

For a defined benefit scheme, the increase in the present value of the scheme liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.

**Pension Reserve**

The Pension Reserve arises from the IAS 19 account disclosures for retirement benefits and recognises the council's share of actuarial gains and losses in the Tayside Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable to the Comprehensive Income and Expenditure Statement.

**Pension Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme liabilities, measured using the 'projected unit method' reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Post Employment Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment (e.g. pensions in retirement).

**Prior Year Adjustment**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Provision**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain.

**Public Works Loan Board (PWLB)**

A Central Government Agency, which provides loans for one year and above to Councils at interest rates only based on those at which the Government can borrow itself

**Rateable Value**

The annual assumed rental of a non housing property, which is for national Non Domestic Rates purposes.

**Related Parties**

Entities or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

**Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

**Repairs and Renewal Fund**

The Repairs and Renewal Fund provides resources for expenditure on the Council's assets.

**Reserves**

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

**Residual Value**

The net realisable value of an asset at the end of its useful life.

**Revaluation Reserve**

The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sale.

**Revenue Expenditure**

The day-to-day running costs associated with the provision of services.

**Service Concession Arrangement**

A contractual arrangement (or other arrangement that confers similar rights) between a local authority and an operator in which:

- a) the operator uses the service concession asset to provide a public service on behalf of the local authority for a specified period of time, and
- b) the operator is compensated for its services over the period of the service concession arrangement.

**Significant Interest**

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy and/or operational decisions.

**Soft Loan**

A loan made by the Council to another entity at an interest rate significantly below market interest rates.

**Subsidiary**

An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.

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