

# Annual Accounts

As at 31 March 2021  
Audited

November 2021

# Dundee City Council

## Annual Accounts 2020/21

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## PART 1 - INTRODUCTION & BACKGROUND

### Introduction

We are pleased to present the Audited Annual Accounts for Dundee City Council (“the Council”) and its Group for the year ended 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 (“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.

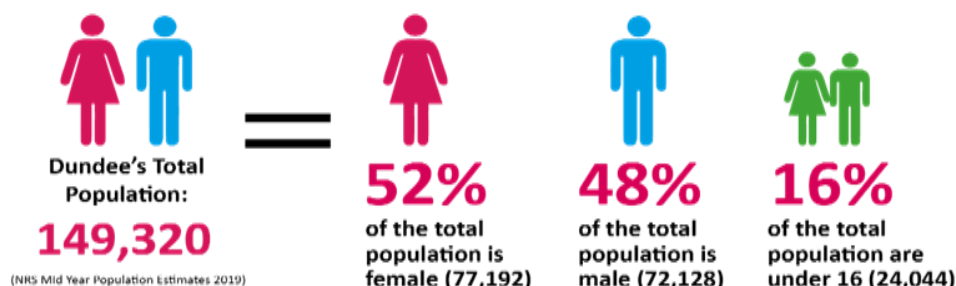
### Service and Management Structures

There were no significant changes to service and management structures during 2020/2021. 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 149,320 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 - IMPACT OF THE COVID-19 EPIDEMIC

### The Council's Response to the Covid-19 Epidemic

Life has been hugely disrupted with the continued restrictions during 2020 and the second lockdown resulting in social distancing requiring people to stay at home and/or 2 metres apart, schools and many workplaces were closed for a large part of the past year. There is increasing economic hardship due to job losses, reduced hours and inability to trade fully leading to greater uncertainty about future prospects. The lockdowns have led to social isolation with fears of an increase in mental health issues and loneliness.

The Covid-19 Look Back report (report no. 189-2020) to the Policy and Resources Committee on 24 August 2020 detailed the establishment of the Covid-19 Supporting People Programme with workstreams and processes for the council to provide humanitarian assistance to citizens across the City, including the shielding group. Response operations have also included supplying PPE for essential workers, supporting financial and food assistance programmes and the roll out of testing and vaccinations. Essential services have had to adopt new hybrid procedures to adapt to the physical distancing constraints and risk assessments. These operations and hybrid approaches will have to be maintained for some time yet until the risk level is significantly reduced. Similar reflective reports detailing the Health and Social Care Partnership response to the pandemic have also been produced (Report Nos. DIJB22-2020 and DIJB17-2021).

The Council has learned a great deal since lockdown about the strength and resilience of our workforce. There is a need to build on the positives learned from the mobilisation of our workforce during lockdown. The commitment, creativity and goodwill has been outstanding. Services continued to be delivered and, in many cases, from home. A national priority was to maintain children's education and Children and Families, along with support from Tayside Contracts, supports services and volunteers were able to open schools, look after children and adapt to new learning and assessment methods. The social care workforce delegated to the Dundee Health and Social Care Partnership, alongside the delegated community health workforce, maintained lifeline social care services for the most vulnerable and at risk supported by the provision of PPE, testing and latterly vaccination.

Report no. 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.

### Financial Implications

The Covid-19 epidemic has had a huge impact on public services across the UK. Public sector organisations have been responding to emerging issues on a daily basis and continue to do so. During the crisis, all levels of government have taken action to support and protect our most vulnerable citizens, local businesses, key suppliers and the third sector during these challenging and unprecedented times. These actions seek to maintain resilience during this crisis and ensure that people and organisations will emerge in the best possible shape when the emergency is over. This response inevitably involves additional expenditure, often of an emergency nature. Ministers have previously given the commitment that reasonable expenditure incurred by Councils will be funded by the Scottish Government.

The Council has incurred significant additional costs in delivering its response to the Covid-19 epidemic and has also suffered significant reductions in income streams. This is likely to continue to be the case for the foreseeable future, as the country emerges from the current set of restrictions. Monitoring of the additional costs of responding to the Covid-19 epidemic has been embedded within the Council's established budget management processes. An initial report was submitted to the Policy and Resources Committee on 24 August 2020, setting out an update on the financial implications of the Council's response to the Covid-19 emergency and proposing a financial recovery plan containing a number of measures aimed at mitigating the increased costs in financial year 2020/2021 to protect the Council's financial sustainability going forward. Further update reports were submitted to the Policy and Resources Committee on 16 November 2020, 22 February 2021 and 26 April 2021. The accounts show that the Council had an overall net underspend of £36.423m against the 2020/2021 Revenue Budget and that General Fund balances had increased over the year by £34.054m, to £50.574m at 31 March 2021. The large budget underspend, and the consequent increase in General Fund balances, is partly due to the significant amounts of additional Covid-related funding that was announced by the Scottish Government late in the financial year. Within the overall General Fund balance of £50.574m at 31 March 2021, £9.800m has been ear-marked for specific service expenditure where Covid-related funding was received in 2020/2021 but not spent. In terms of general Covid-related cost pressures going forward (including lost income streams), £19.023m has been ear-marked to cover the period 2021 to 2024. In addition, a sum of £3.000m has been ear-marked to fund Covid recovery measures. Given the overall budget surplus in 2020/2021, none of the three financial flexibilities made available by the Scottish Government have yet been implemented.

Notes 17 and 51 provide details of the Council's expenditure, reduced income streams and government funding relating to its response to the Covid-19 epidemic, including business support schemes administered on an agency basis on behalf of the Scottish Government.

### **Recovery Plan**

The Council adopted a Covid Recovery Plan at the meeting of the Policy and Resources Committee on 24 August 2020. This aimed to address the significant economic and social impacts of the suppression of the virus as well as recovering services from the first wave lockdown. Currently the UK and Scotland remain in the response phase of this emergency. It is still not known over one year on from the initial lockdown when we are likely to move fully into the economic and social recovery phase with almost no Covid related restriction on economic and social activity.

An update on the Recovery Plan was presented to the Policy and Resources Committee on 10 May 2021, which aligned the Council's response to the Scottish Government's Strategic Framework and 4 Harms to be addressed in recovery. It developed further the framework for the Council to invest in People, the Economy, Infrastructure and the Environment as route to recovery. It commits services to including their recovery plan actions in their service plan progress reports to Committee later this year.

## **PART 3 - FINANCIAL MATTERS**

### **Review of the 2020/2021 Financial Year - Revenue Budget**

The 2020/2021 General Services Revenue Budget was agreed at the meeting of the Policy and Resources Committee on 5 March 2020. The Council Tax was increased by 4.8%, after budget savings totalling £6.266m were approved (in addition to base budget savings of £7.792m). As part of the agreed savings an amount of £1.750m were taken from ear-marked General Fund balances in setting the 2020/2021 budget. This related to the release of the amount that had previously been set aside for warranties around the sale of DERL to MVV in 2017. The 2020/2021 Housing Revenue Account Budget was agreed at the meeting of the Policy and Resources Committee on 27 January 2020 and it was also agreed that rent levels would increase on average by 3.00%. The Policy and Resources Committee received regular revenue monitoring reports during 2020/2021 in order to keep elected members fully apprised as to the projected outturn position. The Council's 2020/2021 Revenue Budget was severely impacted by additional expenditure and funding relating to Covid-19. This was the subject of separate monitoring reports to the Policy and Resources Committee.

The Consolidated Income & Expenditure Statement (page 65) shows a deficit on the provision of services of £22.623m for 2020/2021, measured on an accounting basis. This deficit is carried forward to the Movement in Reserves Statement (page 67), where adjustments totalling -£51.003m have been made to restate the accounting position to a funding basis. The overall net increase in usable reserves is £28.380m on a funding basis. The Expenditure and Funding Analysis (page 61) 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 £28.380m, the increase in the General Fund and Housing Revenue Account balances over the year was £34.054m. This was against a budgeted reduction in General Fund and Housing Revenue Account balances of £2.369m (due to the release of the sum for DERL warranties, budget virements during financial year 2020/2021 for the carry forward of underspends from 2019/2020 and allocations from the Organisational Change Fund during 2020/2021). This represents an overall net underspend of £36.423m against the 2020/2021 Revenue Budget. The main components of the net underspend are as follows:

	(Under)/ Over Spend £m
Children & Families Services	(12.435)
Dundee Health & Social Care Partnership	(0.180)
City Development	(5.704)
Neighbourhood Services	(0.931)
Chief Executive	(3.673)
Corporate Services	(3.924)
DCS Construction	(0.573)
Housing Revenue Account	(1.276)
Other Miscellaneous Service Budgets	(3.681)
<b>Net Underspend on Services</b>	<b>(32.377)</b>
Financing & Investment Income & Expenditure	(2.003)
Taxation and Non Specific Grant Income	(0.995)
<b>Net Underspend per Comprehensive Income &amp; Expenditure Statement</b>	<b>(35.375)</b>
Items in Movement in Reserves Statement:	
Pension Contributions	(0.634)
Loan Repayments & CFCR	(0.713)
<b>Net Underspend Before Appropriations</b>	<b>(36.722)</b>
Additional Contributions to / (from) Reserves:	
Surplus on Housing Revenue Account (transferred to Renewal & Repair Fund)	2.144
Insurance Fund	(1.088)
Capital Receipts Used to Fund Severance Costs (transferred from CG&R Unapplied Account)	(0.723)
Other transfers from CG&R Unapplied Account	(0.034)
<b>Net Underspend After Appropriations</b>	<b>(36.423)</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:

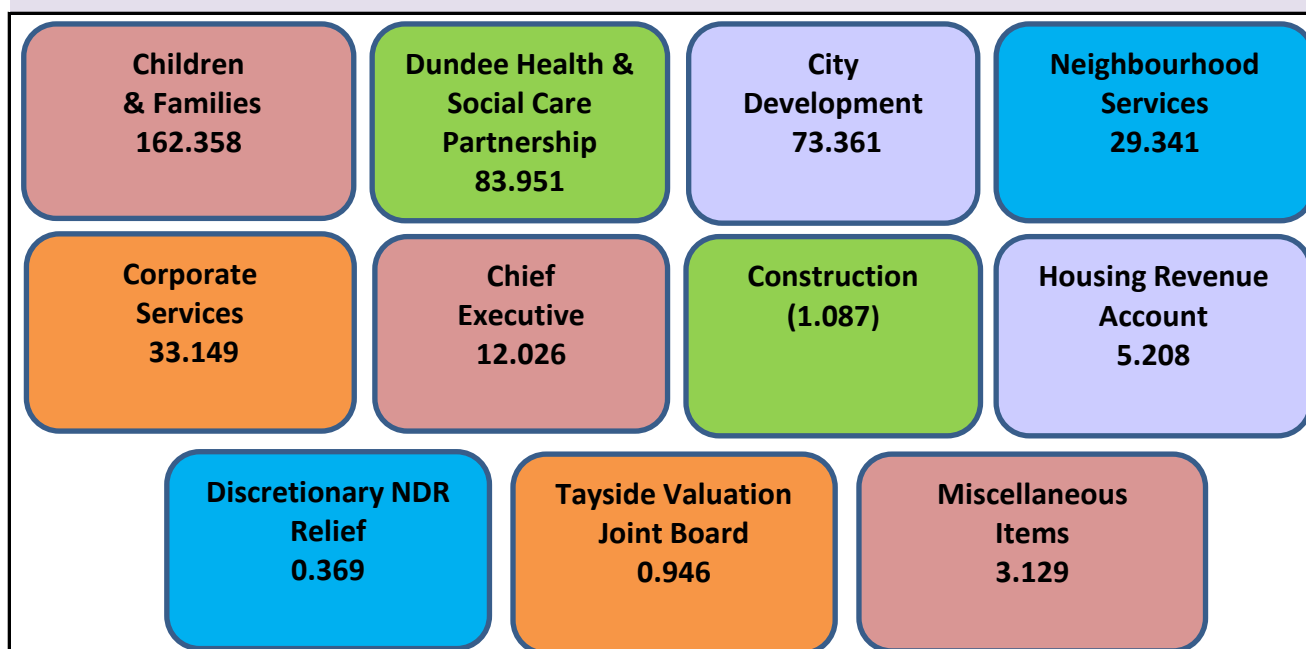
<b>Base Budget Overspends:</b>	<b>£m</b>
<b>Children &amp; Families:</b>	
Loss of Income from School Meals	0.252
<b>City Development:</b>	
LED Street lighting electricity savings only partially achieved, higher car park security costs, one-off consultancy fees	0.440
Winter Maintenance Programme overspend	0.992
<b>Neighbourhood Services:</b>	
Voluntary Early Retirals / Voluntary Redundancy (upfront costs)	0.290
Change to SAICA Paper Contract	0.110
Income shortfall from departmental recharges for Landscape etc recharged	0.474
<b>Chief Executive:</b>	
Reduced NEC income	0.461
<b>HRA:</b>	
Additional Voids on Council Houses	0.712
<b>Miscellaneous:</b>	
Increase in impairment allowance on trade debtors	0.541
Renewal & Repair Fund Transfer (HRA surplus)	2.144
<b>Base Budget Underspends:</b>	<b>£m</b>
Staff Costs (all services)	(4.772)
<b>Children &amp; Families:</b>	
Property costs underspend due to refunds on rates and energy savings	(1.899)
Supplies & Services savings in school meals	(1.635)
Transport savings across all sectors	(0.570)
Transfer and Third Party Payments relating to Childrens Services	(1.052)
Additional Income from Refugee Funding/ SEN Recoveries	(0.637)
<b>City Development:</b>	
One-off Non Domestic Rates refund as a result of successful NDR appeal on the revaluation for various properties and lower utility charges such as energy, water and cleaning costs.	(1.975)
Transport- savings in fuel costs due to lower activities.	(0.235)
<b>Neighbourhood Services:</b>	
Landscape Contracts underspend	(0.321)
Playground Equipment and materials underspend	(0.164)
Rapid Rehousing Transition Plan	(0.088)
<b>Chief Executive:</b>	
Underspends in NEC and other supplies and services	(0.983)
Underspend in Dundee Partnership grants.	(0.239)
<b>Corporate Services:</b>	
Various underspends in Supplies & Services	(0.398)
Underspends in Third Party Payments to other organisations	(0.422)
<b>HRA:</b>	
Additional Rental income from Council Houses	(0.366)
Lower than anticipated expenditure on Property Costs (mainly Repairs and Maintenance and Planned Maintenance eg External Cyclical Maintenance)	(3.968)
<b>Miscellaneous:</b>	
ALEO relief award excess not recovered by Scottish Government	(0.465)
Additional income in relation to capital receipts used to fund severance costs	(0.723)
Pension contributions	(0.634)
Capital finance costs and CFCR savings including Housing Revenue Account	(3.197)

Additional Council Tax income	(0.628)
Additional Tayside Contracts surplus	(0.245)
<b>Net Covid Costs Variances (excluding Funding for 2021-2022):</b>	
Staff costs (all services)	(1.215)
<b>Children &amp; Families:</b>	
Loss of Income from School Meals	0.656
Additional cleaning and transport costs	0.334
Additional Supplies & Services - PPE etc	1.103
Additional cost in childrens services	1.302
<b>City Development:</b>	
Under-recovery of fees and charges in relation to Architectural Services, Planning & Building warrants fees.	0.145
Property repairs & maintenance and costs associated with bringing lockdown properties back into operation lower than anticipated.	(1.118)
Standby payments to Construction and Tayside Contracts lower than anticipated	(0.417)
Lower loss of lease income and GAM grant than anticipated	(1.228)
<b>Neighbourhood Services:</b>	
Net additional income in relation to providing temporary accomodation	(0.646)
Waste Partnership Gate Fees	0.408
Trade Waste, Special Collections and Commodities income shortfall	0.248
<b>Chief Executive:</b>	
Underspends against additional funding allocations	(1.941)
<b>Corporate Services:</b>	
Underspends in transfer payments and against additional funding allocations	(1.324)
Loss of income re fees & charges and other income	0.571
<b>Construction:</b>	
Savings in materials / sub contract costs	(8.645)
Loss of income due to less major contracts/repairs	9.515
<b>HRA:</b>	
Additional Voids on Council Houses	0.108
Standby payment to Construction during lockdown	3.090
<b>Miscellaneous:</b>	
Children & Families / Neighbourhood Services - Use of Funding Flexibilities	(3.580)
Underspend on UK Government consequentials funding	(5.669)
<b>Covid Funding Received in 2020-2021 for use in 2021-2022:</b>	
Children & Families	(5.152)
City Development	(1.870)
Neighbourhood Services	(0.159)
Chief Executive	(0.867)
Corporate Services	(1.752)



The General Fund balance has increased significantly over the year by £34.054m, to £50.574m at 31 March 2021. The large budget underspend, and the consequent increase in General Fund balances, is partly due to the significant amounts of additional Covid-related funding that was announced by the Scottish Government late in the financial year. This funding has been properly accounted for in the 2020/2021 financial year, although some of it was originally intended for 2021/2022. Given the timing of this funding, it was inevitable that there would be a large underspend in 2020/2021 and a temporary increase in overall General Fund balances at 31 March 2021. Within the overall General Fund balance of £50.574m at 31 March 2021, £9.800m has been ear-marked for specific service expenditure where funding was received in 2020/2021 but not spent. In terms of general Covid-related cost pressures going forward (including lost income streams), £19.023m has been ear-marked to cover the period 2021 to 2024. In addition, a sum of £3.000m has been ear-marked to fund Covid recovery measures and £5.000m has been ear-marked to fund service change initiatives. After taking on board other smaller ear-marked funds totalling £5.685m, a sum £8.066m remains uncommitted within the overall General Fund balance. This equates to 2.1% of annual budgeted net expenditure. Further details of the break-down of the overall General Fund balance are shown in note 10 on page 90.

### NET COST OF SERVICES 2020/2021 (£m)



The value of net assets shown in the Council's Balance Sheet (page 68) has increased from £745.3m (at 31 March 2020) to £774.3m (at 31 March 2021) ie an increase of £29.0m. The main reasons for this movement are a decrease in Pension Liabilities (£33.5m), reductions in Borrowing (£50.8m) and an increase in Short Term Debtors (£18.7m), partly offset by a reduction in Cash and Cash Equivalents (£24.3m), an increase in Short Term Creditors (£16.1m) and a net reduction in value of Property, Plant and Equipment (£31.4m). The Cash Flow Statement (page 69) shows that cash and cash equivalents have decreased by £24.3m over the period, with a closing net overdraft balance of £2.469m.

#### 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 to
- 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 2020/2021.

	General Fund £m	HRA Balance £m	Renewal & Repair Fund £m	Insurance Fund £m	Capital Fund £m	Total £m
<b>Opening Balance 1 April 2020</b>	<b>16.520</b>	<b>-</b>	<b>9.301</b>	<b>3.312</b>	<b>0.632</b>	<b>29.765</b>
Surplus / (Deficit) for the Year	34.054	2.144	0.022	(1.088)	0.004	35.136
Transfer of HRA Surplus	-	(2.144)	2.144	-	-	-
General Reserve Transfers Under Delegated Powers	-	-	-	-	-	-
<b>Closing Balance 31 March 2021</b>	<b>50.574</b>	<b>-</b>	<b>11.467</b>	<b>2.224</b>	<b>0.636</b>	<b>64.901</b>

In addition to the above, £4.675m of capital receipts from asset sales during 2018 to 2021 have been set aside to fund costs associated with future transformation projects (including £1.360m set aside in 2020/2021). As at 31 March 2021, £1.146m had been used to fund severance costs (including £0.723m used in 2020/2021). This leaves a balance of £3.529m at 31 March 2021. 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 2020/2021 Financial Year - Capital Budget

On 24 February 2020, the Policy & Resources Committee approved a combined five year Capital Plan for General Services and Housing totalling £375.1m over the period 2020 to 2025 including £78.5m for later years. The gross capital budget for 2020/2021 totalled £107.278m. The Policy & Resources Committee received capital monitoring reports during 2020/2021 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 £46.853m. 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	107.278	46.853	(60.425)
<i>Funded by:</i>			
Borrowing	62.016	19.540	(42.476)
Capital Grants & Receipts	33.162	25.425	(7.737)
CFCR	-	1.888	1.888
Slippage Allowance	12.100	0.000	(12.100)
	<b>107.278</b>	<b>46.853</b>	<b>(60.425)</b>

The main elements of slippage in the 2020/2021 capital programme were as follows:

<b>Project</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Underspend £000</b>	<b>Explanation</b>
Central Waterfront Plot 6 Hotel	1,000	(17)	1,017	In view of the global down-turn in tourism due to Covid-19, additional hotel capacity is not anticipated to be required in the short-term, and a review of site 6 is being carried out to allow the remainder of the site to be developed. This will be explored in more detail in a future report to members.
School Estate Investment	1,990	135	1,855	The project development of the Braview/Craigie Campus has been affected by Covid-19, and was awaiting completion of formal consultation and further guidance from Scottish Futures Trust regarding funding proposals. The project has now been rephased in the Capital Plan 2021/26 approved February 2021.
Low Carbon Initiative - Hydrogen	5,350	-	5,350	The business case for this multi-agency project remains under review due to challenges in the supply chain, financial case and pressures caused within the public transport sector due to Covid-19. The budget has been rephased to reflect latest projections.
Leisure and Culture Dundee Projects	2,420	192	2,228	As a result of Covid-19, the design development of the works involved are not as advanced as previously anticipated.
Coastal Protection Works	13,199	8,589	4,610	The budget has been adjusted to reflect the latest programme of works from the contractor, which has recently been received. The budget will be required in 2021/2022. The expenditure is funded from a combination of borrowing and grant from Scottish Government.
Property Development & Improvement Programme	5,798	2,916	2,882	The Structural Improvements & Property Upgrades and Lifecycle Property Improvements programme of works have been reviewed and the budgets re-profiled based on when the works now can take place due to covid restrictions. Some of the works have to be undertaken during school holidays and are programmed to be carried out in 2021/2022.

Upgrade of City Square West Wing	2,671	1,517	1,154	These works were affected by the various lockdowns on site. The works have now recommenced, with progress being affected by additional Covid-19 safety measures in line with Scottish Government guidance. The construction programme is currently being revised with a site completion date and subsequent fit out timescale to be finalised.
Sustainability Projects	3,000	-	3,000	As a result of Covid-19, the progress on this project has been delayed due to restricted access to council properties in order to carry out surveys etc, as wellbeing of staff and property occupants is paramount. The works will now be carried out in 2021/2022.
Increased Supply of Council Housing	5,445	1,513	3,932	The New Build Programme at Whitfield was delayed due to technical issues, design development, statutory constraints etc.
Energy Efficient	10,543	1,872	8,671	The External Insulation and Cavity Fill programme has been delayed due to the impact of Covid-19. The Boiler Replacement Programme has also been delayed due to the impact of Covid-19 and the Scottish Government's guidance for undertaking internal works.
Healthy, Safe and Secure	8,400	2,489	5,911	The impact of Covid-19 has resulted in delays to the Fire Safety Investment Programme and the Multi-Storey Improvement Programme. Both of these Programmes will now commence in 2021/2022.
Free from Serious Disrepair	6,262	1,589	4,673	The windows and roofing programmes were reviewed during 2020/2021 and the programme phasing for some projects was updated to reflect the slippage due to the impact of Covid-19 and the Scottish Government's guidance when undertaking internal works (window replacements).

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 2020/2021 the Council's Capital Financing Requirement (CFR) decreased by £1.1m, from £749.9m to £748.8m. 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 £682.8m at 31 March 2021 (£723.6m at 31 March 2020). 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 2020/2021, required by the Council's Treasury Policy Statement and the CIPFA Code of Practice on Treasury Management, stated that the 2020/2021 Revenue Budget had been set to include a provision of £20.786m for Capital Financing Costs, based on an average Loans Fund Interest rate of 3.5%. It identified a new net borrowing requirement in 2020/2021 of £41m which would be funded through phased borrowing during the year. During the financial year, long-term borrowing of £5m was undertaken, including repayments of existing loans totalling £13.0m. 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 1.37% and an average term of 49.9 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 £135.1m as at 31 March 2021 (£168.6m at 31 March 2020). The decrease in the liability was due to a number of factors: the Current Service Cost for 2020/2021 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.

#### **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 2020/2021 financial year, other than those already separately disclosed in the Accounts.

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

Provisions for the non-collection of various types of debt totalled £38.250m at 31 March 2021, an increase of £3.421m from the previous year. The level of provisions is partly a reflection of the difficult economic climate and the resulting increased potential for debtors to default on payment, particularly in light of the economic impact of the Covid-19 epidemic. Full details of provisions are shown in note 34. The Council includes a prudent level of contingencies within its annual revenue budget and also carries a prudent level of uncommitted reserves. These provide a cushion against any items of unforeseen or emergency expenditure or shortfalls in income or savings targets.

#### **Contingent Assets & Liabilities**

Contingent liabilities have been disclosed in respect of Guaranteed Minimum Pension, the Goodwin Case, the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 and an Equal Pay Claim (see note 35).

#### **Subsequent Events**

The Council's response to the Covid-19 epidemic, and the associated financial implications, are set out in Section 2 above. The Council continues to respond as necessary to the prevailing position around the Covid-19 epidemic. It is considered that there have been no events occurring after 31 March 2021 that would have a material impact on the figures shown in the 2020/2021 Annual Accounts (ie no adjusting events). The levels of bad debt provisions at the balance sheet date do, however, take on board the likely economic impact of the Covid-19 epidemic.

### 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 2020/2021. In December 2020, CIPFA advised that the implementation of IFRS 16 Leases had been deferred by a further year and will now come into the Accounting Code of Practice for 2022/2023 with a transition date of 1 April 2022.

### CIPFA's Telling the Story Review of the Presentation of Local Authority Financial Statements

Following publication in 2015 of CIPFA's Telling the Story Review of the Presentation of Local Authority Financial Statements, the 2016/2017 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis. The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund and Housing Revenue Account. Both the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis include a segmental analysis which requires local authorities to report performance on the basis of how they are structured and how they operate, monitor and manage financial performance.

### Group Accounts

The Group Accounts on pages 146 to 156 bring 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. The impact of consolidating group entities is shown on page 151.

### 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 ([www.taysidepensionfund.org](http://www.taysidepensionfund.org)).

### 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	2020/2021	2019/2020
<i>Reserves</i>		
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	2.14%	2.25%
Movement in the Uncommitted General Fund Balance	+£0.054m	+£0.484m
<i>Council Tax</i>		
In-year collection rate	93.7%	94.2%
Ratio of Council Tax Income to Overall Level of Funding	13.8%	14.0%
<i>Financial Management</i>		
Actual Outturn Net Service Expenditure compared to Budgeted Net Service Expenditure	92.6%	99.3%
Actual contribution to / from Unallocated General Fund Balance compared to Budget	-£0.054m	-£0.484m
<i>Debt / Long Term Borrowing</i>		
Capital Financing Requirement for the current year	£748.8m	£749.9m
External Debt Levels for the current year	£682.8m	£723.6m
Ratio of financing costs to net revenue stream – General Services	4.9%	5.7%
Ratio of financing costs to net revenue stream – HRA	35.1%	36.6%
Impact of Capital Investment on Weekly Rents	(£0.73)	£1.48

**PART 4 - KEY DEVELOPMENTS DURING 2020/2021**

**2020/2021 was dominated by the impact of the coronavirus pandemic. Reports to Committee have detailed the scale and range of the work involved in the Council's response, with highlights including:**

- Lifeline assistance provided to vulnerable citizens who had to shield due to health conditions. Thousands of calls were made as well as deliveries of food, hygiene products and medicines.
- Essential services maintained, including refuse collection, social care and registration of deaths. Council and Leisure and Culture Dundee staff were rapidly re-deployed into critical social care and community support roles, with over 300 employees volunteering to support the Health and Social Care Partnership.
- Secure supply chain put in place for appropriate PPE, and buildings made Covid secure. Officers also responded to alleged breaches of lockdown rules and helped protect people from scams.
- Supporting young people's learning, whether online or face-to-face, was a priority. IT devices were provided to pupils who needed them and digital learning was developed significantly, with a wealth of resources for staff and pupils, along with online activities developed by Active Schools.
- Services worked with partners to support vulnerable people, including those at risk of hidden harm, and maintained effective Child Protection, Community Payback Order and Multi Agency Public Protection arrangements.
- Community Support Centres were set up during the first lockdown where citizens could access food, support and advice, while officers also reached out to support families and vulnerable tenants.
- As well as processing self-isolation support grants and winter and spring hardship payments, work with partners to provide food saw over 3 million meals provided to residents, including payments for nearly 7,000 children who would normally qualify for free school meals, along with ongoing support for foodbanks.
- A wide range of services were provided online (including youth engagement, support for ESOL learners and refugees, libraries, fitness classes and many more) and services found innovative ways to support people safely face-to-face e.g. a youth work programme about health and wellbeing in a community garden, and employability support delivered in open spaces in local neighbourhoods .
- For businesses, the Council set up systems to administer a wide range of grant schemes on behalf of the Scottish Government, to assist sectors such as hospitality and non-essential retail who were required to close or modify their operations or impacted by the loss of footfall and restrictions on travel. The Council developed projects to support traders, such as the transformation of Union Street into a colourful, welcoming destination to make the city attractive when people could visit shops and cafes again.
- Crucially, the Council played a key role in keeping people informed about the crisis and signposting them to sources of advice and assistance, and both the Council and its partners at Leisure and Culture Dundee played their parts in establishing Covid test sites and the venue for the mass vaccination programme .

**As well as dealing directly with the impact of Covid-19, the Council continued to introduce and enhance services for the most vulnerable – often those most impacted by the pandemic:**

- A new Fuel Well programme to help households facing fuel poverty.
- An increasingly integrated response to the health and social care needs of vulnerable people.
- Continued progress with the action plan following the report of the Dundee Drugs Commission.
- Strengthened approach to tackling domestic violence and supporting victims and their families, and a more co-ordinated response to commercial sexual exploitation.
- A new confidential online support service, Togetherall, for young people experiencing mental health issues, along with resources and partnerships to support young people's mental health in schools.
- Good progress on the rapid rehousing transition plan on homelessness.
- An online system to provide a home delivery service for period products.
- Continued work to address the poverty-related attainment gap, including enhanced digital learning and additional family workers.
- A marked increase in attainment for care experienced young people, and a response to the findings of the Independent Care Review developed in Our Promise to Care Experienced Children and Young People.
- A ten year high in the percentage of school leavers in positive destinations such as work, training or at college or university 9 months after leaving school.



**The Council has also been laying the foundations for the city's recovery:**

- The updated Capital Plan will see £386 million invested in the city over the next five years, including money for schools (notably the new £60 million community learning campus planned for 2025 to replace Braeview Academy and Craigie High School) sustainable transport, active travel, low carbon projects and vital services including property improvements, road reconstructions, road safety measures, improvements to streetlighting, footpaths, parks and play areas, and updated information technology.
- The Housing Capital Plan provides for new homes as well as maintaining stock to the Scottish Housing Quality Standard and continuing the successful programme of external wall insulation which has seen around £40 million invested over the last 5 years to make thousands of homes warmer and more energy efficient.
- The commitment to provide 1,140 hours of early learning and childcare to eligible children will be delivered, helped by investment of almost £4 million in a new nursery at Caird Avenue and the community asset transfer of the former Fintry Nursery to provide a modern flexible childcare facility.
- Dundee continues to be a real-world test bed for innovative transport technologies that also enhance the traveller experience and reduce barriers to people using public or active transport. The Council deployed Scotland's first electric bin lorries last year.
- Spaces for People funding is being used to make our streets safer for walkers and cyclists, and work continues on the coastal path project, funded through the Places for Everyone programme, to promote active travel.
- Clean travel is just part of our efforts to tackle climate change, to be boosted by the Climate Leadership Group bringing together leaders across the city to provide expert advice and support collaboration to deliver innovative solutions for a 'net zero' future.
- The Council is also looking at ways to provide local services in the most efficient way and make the best use of our community assets. The Council is engaging with people in Kirkton on plans for a new Community Hub model which could see St Paul's and Baldrigon Academies open to more public use, with feedback from local people shaping how that model could work best in practice in Kirkton and in other areas in future. We are also building a new community facility for Mill O' Mains.
- Almost 1,000 citizens have already been surveyed as part of Engage Dundee 2021 - the start of a process to engage with local people to find out what they want their communities to look like in the future and how they want to be involved.
- Our partners Leisure and Culture Dundee have developed a new partnership at the Lynch Centre with Street Soccer which will provide sports-based programmes for people suffering from social disadvantage; while The McManus has embarked on an ambitious remote learning and engagement project to combat isolation and provide valuable cultural experiences for people isolated due to health conditions.
- Other developments for the city include work to attract businesses and jobs to the Michelin Scotland Innovation Parc and work on the feasibility of the Eden Project, which will provide a further boost to the local economy and advance our commitment to sustainable development through skills and education. Signing the Tay Cities Deal is already bearing fruit with plans for a Biomedical Cluster which will create hundreds of jobs through world-class innovation in life sciences.

**During 2020/2021, the Council received its Best Value Assurance Report:**

This 'deep dive' assessment by the Accounts Commission highlighted the steady pace of improvement made over the past decade. The report described the Council as 'a mature organisation that is able to honestly appraise its own strengths and weaknesses and identify where improvement is required'. It said the Council must work with its partners to move even faster to address complex and deep-rooted problems such as poverty, inequality and drug deaths – and that is happening. Finally, the Auditors praised the Council's clear and ambitious vision and its effective financial management.

## 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 2020/2021 mitigation in the form of assistance to make and manage a UC Full Service claim online was no longer available to be provided by way of drop-in 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 continued to be provided by services such as Connect and Dundee Money Action.

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. 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). In addition food, medicine and fuel support continued throughout the pandemic via the national and local helplines. Council Advice Services and Customer Services worked with partners across the Council and beyond to support those shielding with food, medicine and fuel requirements as well as those facing financial crises as a result of the pandemic. 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 and this, when combined with Council Advice Services continuous improvement model of working, has led to significant increases in benefits successfully claimed for customers. In 2020/2021 Council Advice Services successfully claimed £10.284m in benefits and additional income for customers. In addition nearly £300,000 was distributed to families struggling with energy costs via the Fuel Well Dundee scheme in winter 2020/2021. 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.

The GP practice co-located Welfare Rights Officer service, although not having increased its numbers of practice locations, is still available to 57,045 patients in 8 GP practices across Dundee. In all practices, officers use consensual access to patients' medical records to assist people with problems arising from welfare reform changes introduced for sick and disabled citizens. Council Advice Services have worked to support claimants making new PIP applications across the city and to ensure correct entitlements to benefits such as new style Employment and Support Allowance. Our practice locations although closed to advisers during 2020/2021 still generated £1.248million in gains for patients. Help to make benefit claims continues to increase and we will certainly see increased UC claimants as furlough finally ends in 2021. Representation at appeal tribunals, having tripled in the 2 years up to April 2018, has sharply declined between 2018-2021 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 as well as a proposal to jointly work with the new Social Security Scotland Advisers in relation to preparation for Child and Adult Disability Payments. Dundee is one of 3 Scottish Local Authority pilot areas for the rollout of Child Disability Payment on 26 July 2021. New models of working such as Macmillan benefit advisers working in partnership with oncology wards has continued to see huge benefit gains for patients despite being unable to co-locate during the pandemic. Existing partnership work here still generated £2.479 million in patient gains in 2020/2021.

## 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.

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 revised at the beginning of the financial year. Over the course of 2020/2021, DHSCP services were at the forefront of the Covid-19 response with rapid changes required to service provision to ensure service users continued to be supported safely despite the challenges of the pandemic in addition to the new demands on services the pandemic has brought. Some services such as day centres were required to cease with alternative approaches to providing support developed including through the use of digital technology with a number of services transformed as a result. Staff were redeployed to key risk areas such as care at home to ensure service resilience and to mitigate the impact of increased staff absence levels. HSCP services, including services provided by the private and third sector were supported throughout the pandemic by significant additional funding from the Scottish Government through Covid-19 mobilisation plan funding. This funding will also support the HSCP's remobilisation and recovery plan in 2021/2022 which 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 HSCP 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 is crucial to delivering better outcomes for the people of Dundee.

### **Our People**

The Our People Strategy was revised and relaunched as the Our People and Workforce Strategy with a refreshed action plan and details of each service workforce data, as we consider the demographics, size and shape of our workforce of the future. This will be further refreshed to take account of Covid Recovery Planning. The links with the Digital Strategy have continued apace, with a growing number of Digital Champions helping to support change across services. The digital transformation has continued requiring our employees to acquire new skills in 2021 to support remote working. The Council intranet OneDundee took a step forward and is now available to our whole workforce on their own devices as OneDundee on the Move. All employees now have access to a wide range of communications, surveys, conditions of service information, and all health and safety, health and wellbeing and learning, development and leadership information and opportunities. A new Well-being Support Service was developed to support our employees. Agile and flexible working and new ways of deploying workforce roles will be a priority 2021/2022 as workforce planning becomes central to future service design and workforce change.

### **Awards**

Dundee City Council is committed to innovation and continuous improvement. We welcome external assessment, so it is pleasing when Council initiatives are recognised as best practice and showcased through national awards. During 2020/2021, some of the major award schemes to which the Council normally submits its innovative projects did not operate due to the coronavirus restrictions. However, the Council was still externally recognised for a number of achievements including:

- Dundee Green Health Partnership won the 2020 Scottish Public Service Award for Putting Policy into Practice, recognising the groundbreaking work the Partnership is doing to improve people's physical and mental health by connecting them to green spaces and outdoor activities, including development of the innovative 'green health prescription'.
- Dundee Green Health Partnership also won the Best Nature-Based Project at the Social Prescribing Network Awards 2021.
- Dundee's Climate Action Plan was a finalist in the Sustainability category of the 2020 Scottish Public Service Awards, recognising the actions the Council is taking along with its partners to address the climate emergency.
- Dundee City Council's Digital Strategy – and in particular the work of our Learning & OD team and the Council-wide network of Digital Champions – was a finalist in the cHeRries HR Awards for the work done to engage employees in digital transformation.

### 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

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. We have carried out Pulse Surveys with our employees regularly in the last 14 months and have developed the New Well-being and Support Service in the last 12 months. Well-being resources continue to expand to support services.

### Contract for the Disposal of Residual Waste

The Dundee City Council \ Angus Council residual waste disposal contract awarded in November 2017 completed its fourth contract year. This followed a major procurement exercise, undertaken jointly by Dundee City Council and Angus Council, to secure a long-term partnership contract. As part of the new contract arrangements, the Council sold its shareholding in DERL to MVV Environment Limited (MVV), following a Balance Sheet restructuring of the DERL group companies. The former DERL plant is now being utilised by MVV Environment Baldovie Ltd (MEB) to deliver the contractual requirements during an approximate three and a half year interim service period, whilst a new plant is constructed on an adjacent site. Construction of the new plant was delayed during the Covid-19 pandemic but is now almost complete and, upon completion, the full service period of the contract will commence and run for 25 years. As part of the contract, a number of community benefits are being provided by MEB, including:

- engagement with schools and colleges for work placements and input to courses
- engagement with community groups through awareness raising and community liaison activity
- assisting employability partners through the provision of development opportunities
- apprenticeship opportunities for young people through direct employment on the delivery of the contract as well as through reciprocal arrangements with other MVV plants across Europe
- benefits for local suppliers and businesses through the procurement of local services
- engagement with the public through open days and participation in local events.

The contract is supporting jobs in the Dundee City Region, at present principally through the construction programme which has employed a range of local subcontractors in addition to the wider supply chain benefit. A combined Council construction oversight arrangement is currently in place to assist in ensuring adherence to the construction plan for the new facility. The ongoing plant operation will continue to support a number of permanent positions through the service delivery period. Since commencement in November 2017, the principal service objectives of the contract are being delivered satisfactorily, with the existing plant dealing with a significantly increased volume of waste generated by householders during the pandemic and delivered to the plant by the Council in 2020/2021. Contract management processes have been implemented to ensure effective delivery of the contractual obligations and commitments, including budget monitoring and a planning and preparatory programme has been ongoing throughout 2020/2021 to ensure a smooth transition from the works period to the service period. Dundee City Council and Angus Council now have an appropriate delivery partner to ensure that all residual waste from the Councils is treated appropriately at a fixed cost and in compliance with all applicable regulations, with appropriate risk transfer to the contractor.

### 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 is the culmination of a years' worth 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 has been informed by a Baseline Emissions Inventory, Climate Risk & Vulnerability Assessment, statutory Strategic Environmental Assessment, partnership workshops and public consultation. The Plan 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.

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.

The Council has demonstrated its commitment to the UN's Sustainable Development Goals by setting out 51 actions that it is taking across the 17 goals to support Scotland's efforts in ending extreme poverty, fighting inequality and tackling climate change. 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 at: □

<https://www.dundee.gov.uk/reports/reports/362-2019.pdf>

### **Brexit Preparations**

During the year, regular reports to Committee kept elected members up-to-date with the latest political developments regarding Brexit. These included the Trade and Co-operation Agreement which sets out the relationship between the UK and EU following the end of the transition period on 31 December 2020. Further work was carried out within the Council and with partners to prepare for the impact of the new relationship between the UK and EU on the Council and the city. Work included:

- Citizens' Rights - the Council continued to promote the 'settled status' scheme for EU citizens in the lead-up to the application deadline of 30 June 2021. This included signposting people to advice and support (eg through the Brexit page on our website, social media, flyers and posters, recorded messages on helplines) and working with local advice and support agencies, in particular to try to reach vulnerable groups. The Children and Families Service assisted a number of looked after children with applications. Home Office statistics showed a relatively high % of applications from EU nationals in Dundee compared to other local authority areas.
- Local Economy - local businesses were encouraged to use Scottish Enterprise's Toolkit to help them prepare for the end of the transition period and the new trading arrangements, and to apply to the Scottish Government's grant scheme to support business preparations. The Council continued to liaise with Dundee and Angus Chamber of Commerce and the Business Gateway to promote resources and training/awareness-raising events.
- Funding – an updated analysis of the projects and staffing supported by EU funding was carried out, and the Council continued to monitor developments with new funding being introduced by the UK Government to replace EU structural funds.
- Lobbying/Engagement - letters have been sent to the UK and Scottish Governments on topics such as the replacements for EU funding, immigration policy and the Erasmus scheme.
- Workforce - the Council continued to signpost EU nationals in its workforce to information and support. The likely impact of any changes to the workforce on service delivery has been assessed as low.
- Procurement - the impact of leaving the EU on costs is being assessed on an ongoing basis, as well as any issues about the resilience of supply chains necessary to deliver Council services.

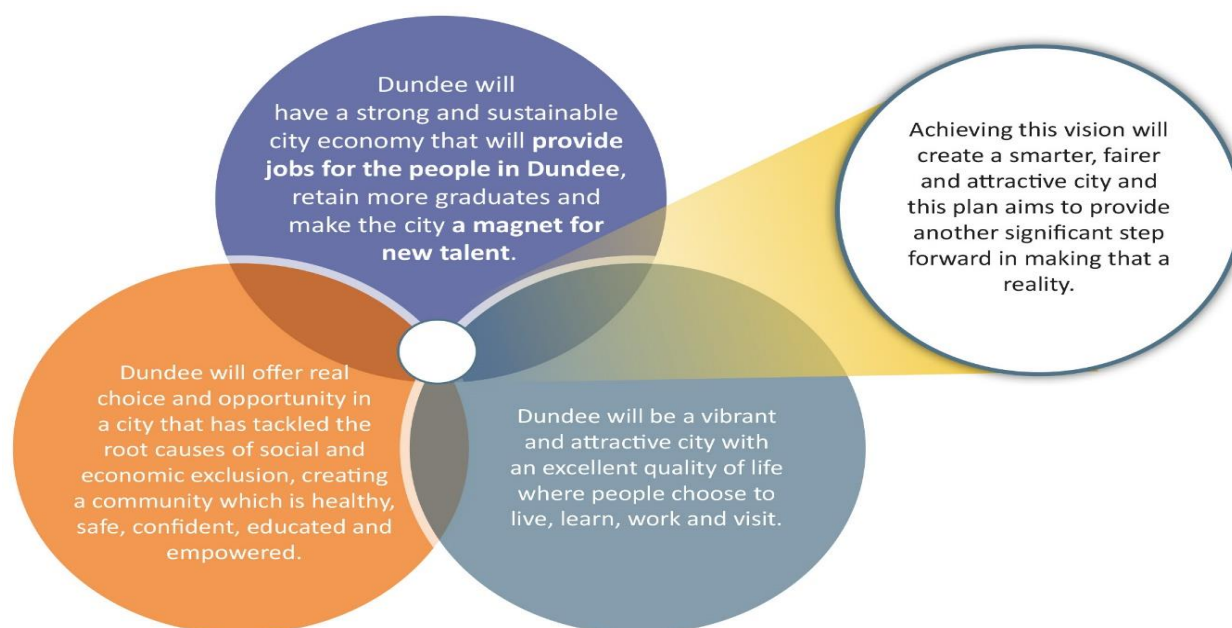
- Communications - the Brexit page on the Council's website has continued to be updated to keep citizens and businesses informed of developments and support available, and considerable use has been made of social media.
- Resilience – work on resilience planning in the event of a ‘no deal’ Brexit had to be revisited towards the end of 2020 as negotiations on the future relationship between the UK and EU were not concluded until near the end of the transition period.
- Planning – officers in the Brexit Advisory Team continue to consider the risks facing the Council and the city and take any mitigating action which is possible. The council is also looking to understand and capitalise on any opportunities that may also arise as a result of Brexit – work that has now been rolled into the Council's recovery planning following Covid-19. The Council also engages regularly through COSLA to ensure awareness of any emerging risks and opportunities.

Due to the current Covid-19 situation and its impact on the economy it is looking increasingly unlikely that the Council will be able to separately quantify the impacts of Brexit on the Council's income, expenditure, assets and liabilities.

## PART 5 - 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 has already been 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) sets out how the Council will play our part in achieving the vision set out in the City Plan. The Plan sets out the main priorities and how they will be approached – including scorecards to measure progress. It provides a roadmap to navigate through the challenges of unprecedented pressures on public sector finances and the resulting need to deliver services differently. The Council Plan was informed by the consultation with partners on the City Plan, the Engage Dundee Process and consultation with employees.

The Council's Transformation Programme, Changing for the Future is in its 5th phase, known as C2022, which runs from 2018 to 2022, a time period which will see further change to the landscape for the public sector in Scotland, the UK and Europe. 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.

The Council also recognises that there is still a way to go 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 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 24 August 2020 and showed significant progress having been made, but since 31 March 2020, many of our priorities and targets will have been adversely impacted by the Covid-19 pandemic and subsequent lockdown. A full review of our strategic plans will be required, but an Interim Recovery plan for the City was developed and agreed.

### **Management of Risk**

In common with other public bodies, commercial organisations and individuals at local and national levels, Covid-19 has been the biggest challenge faced by the Council during 2020/2021. The pandemic brought with it a further layer of risk and complexity on top of other identified risks and has proved long lasting, having commenced towards the end of the 2019/2020 financial year and continuing to impact as we move into the 2021/2022 financial year. In response to this, the Council's Covid-19 Recovery Risk Register has been referenced by the Council's Incident Management Team, and risks identified remain subject to regular review by nominated officers in order to maintain an appropriate and balanced response. Whilst the Covid-19: Scotland's Route Map and vaccination programme are having a highly positive effect, the risks posed by further waves of Coronavirus, variant strains in particular, remain. However, the Council is well placed to respond to this risk, taking account of experience already gained locally, nationally and internationally.

Significant progress had been made prior to the onset of the pandemic to embed risk management processes and procedures within the organisation, including development of risk registers across all Service areas and recording these in Pentana, the Council's risk and performance management solution. 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 pandemic, and risk management has continued to be reported to the Council Management Team, Policy and Resources Committee and Scrutiny Committee in line with the Risk Management Policy and Strategy. The most recent Risk Management Annual Report was presented to the Council's Policy and Resources Committee on 25 January 2021 and Scrutiny Committee on 10 February 2021, and contained a full review of the Council's Corporate Risk Register. The review referenced the Service level risk registers and the Covid-19 Recovery Risk Register, continuing the more holistic and comprehensive approach to risk enabled by their development. Committee minutes, including the content of the Risk Management Annual Report, are available on the Council's website.

Comprehensive Risk Management Procedures, covering both risk management in general as well as the use of Pentana were published in November 2020 and an e-learning package on Risk Management is in its final development stage. It had been planned to develop more detailed operational level risk registers during the 2020/2021 financial year. However, due to the onset of the pandemic this was deferred and will now be pursued during the 2021/2022 year, together with enhancements to the Council's assurance mapping process.

## 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 2020 and reported to the Committee on 16 November 2020 as part of the mid year progress report. That showed 51% of the performance indicators improved over the previous year and 47% reaching the 2020 target set in 2017. All strategic service areas bar Dundee Health and Social Care Partnership improved more than half of their performance indicators compared to the baseline when the Council Plan was drafted in 2017. The City Development service, in particular, made a significant contribution to achieving the ambitious targets, with 11 out of 12 indicators meeting the 2020 target.

The City Plan 2017-2026 has 70 Key Performance Indicators (KPIs) with targets up to 2027. A snapshot was taken on 30 September 2020 and reported to Committee in the joint mid year progress report. The targets set in the plan in 2017 to be reached by year 3 were set based on these being ambitious and 36 (50%) of the targets set for 2020 have already been met and 52 (72%) 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 third annual report was presented to Policy and Resources Committee on 24 August 2020 and to Scrutiny Committee on 23 September 2020 for consideration. 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, the Council obtained an overall performance rate of 44% which is slightly down compared to the previous year's performance of 47%. Two strategic service areas have already exceeded this target. These service are Neighbourhood Services (56%), and City Development (56%). Performance across all strategic service areas is displayed in the table below:

Strategic Service Area	Top Half	Total Measures	%
Children and Families	11	31	35%
Health and Social Care Partnership	3	11	27%
Neighbourhood Services	9	16	56%
City Development	10	18	56%
Culture and Leisure	3	6	50%
Corporate Services	6	14	43%
<b>TOTAL</b>	<b>42</b>	<b>96</b>	<b>44%</b>

\*The table above is based on all the indicators including where the latest data is from an earlier year.



The overall aim of a benchmarking process is continuous improvement. In the last two years 50 (59%) of Dundee's LGBF measures have improved. Another benchmark the Council uses to measure performance is the long term performance trend. Latest data has been compared with the oldest available, which for most but not all is 2010/11. This reveals that over the ten year period using the latest data at March 2020, the Council has improved performance by more than 5% for 48 out of 89 measured (54.6%) where there is trend data for the Local Government Benchmarking Framework indicators. The table below highlights where the improvement has been by more than 5% across all 96 depending on when the indicator started to be measured, which is the case for 50% of the measures, but 54% of the ones with a trend.

Strategic Service Area	Total Measures	Improved Measures last two years	Improved by >5% since base year	% Long Term Improvement
Children and Families	31	17	19	61%
Health and Social Care Partnership	11	1	3	27%
Neighbourhood Services	16	7	8	50%
City Development	18	8	9	50%
Culture and Leisure	6	3	2	33%
Corporate Services	14	9	7	50%
<b>TOTAL</b>	<b>96</b>	<b>45</b>	<b>48</b>	<b>50%</b>

\*There are four new measures in Children and Families with no trend

\*\*There are three new measures introduced in Health and Social Care and for which trend data is available

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.

### Best Value

Report No 248-2020 to the meeting of Dundee City Council of 16 November 2020 set out the findings and the Improvement Action Plan in response to the Best Value Review of Dundee City Council undertaken during 2020. Elected members considered the key messages and recommendations published in the Best Value Assurance Report and agreed to receive further updates to Policy and Resources Committee as improvement work progressed.

Despite the challenges of the pandemic, the first progress report on the Council's Best Value Action Plan has already been submitted to the Policy and Resources Committee 26 April 2021 showing good progress is being made after just six months and that 3 actions are already completed including the review of the Performance Management Framework to introduce more regular reporting and a clearer focus on priorities. Progress will continue to be monitored regularly by the Council Management Team and further updates coming to Committee on a 6-monthly basis.

## PART 6 - 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 25 January 2021, 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 2021/2022. 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 25th 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 2021/2022 local government finance settlement, a report on the financial implications for the Council was submitted to the Policy and Resources Committee on 22 February 2021. The 2021/2022 Revenue Budget and Council Tax was agreed by the Policy and Resources Committee on 4 March 2021. 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 2021 to 2024, based on assumed flat cash grant settlements and no adjustment for the impact of distributional changes within the grant settlement process:

	Cumulative
2021/2022	1.4
2022/2023	8.7
2023/2024	15.4

In setting the 2021/2022 Revenue Budget savings totalling £1.367m were agreed, in addition to base budget savings of £4.232m. The Council Tax level was frozen at £1,379 (Band D).

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 it 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 Councils 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 £50.574m at 31 March 2021, £9.800m has been ear-marked for specific Covid-related service expenditure where funding was received in 2020/2021 but not spent. In terms of general Covid-related cost pressures going forward (including lost income streams), £19.023m has been ear-marked to cover the period 2021 to 2024. 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 will have 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 is a loans fund repayment holiday which will permit a Council to defer loans fund repayments due to repaid in either 2020/2021 or 2021/2022 (but not both).

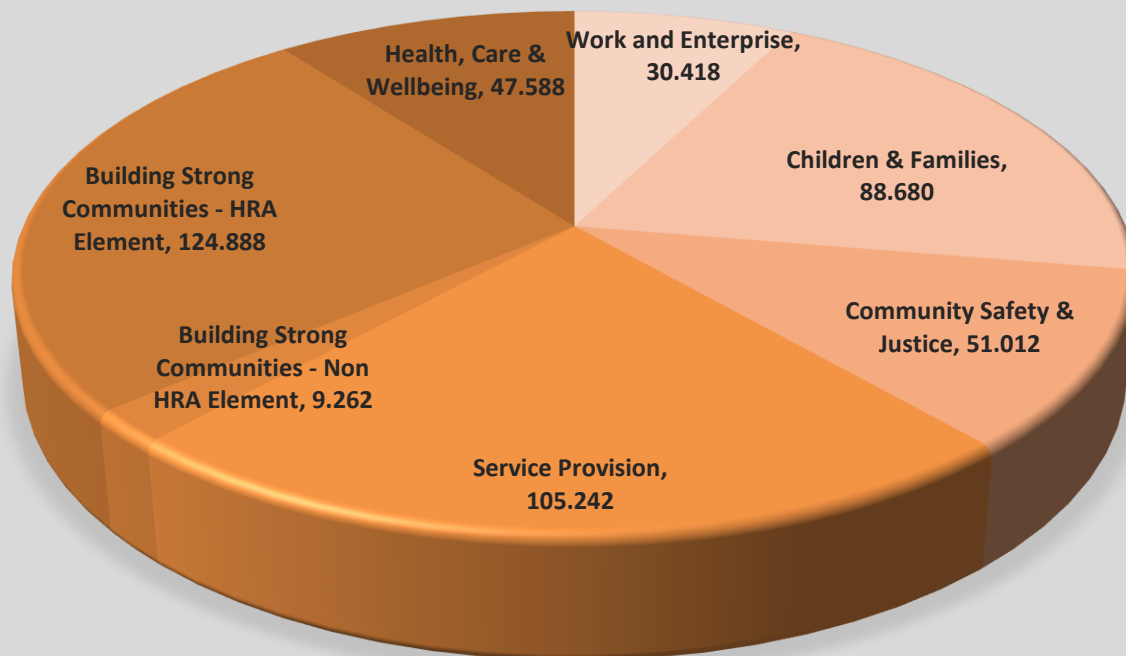
Given the overall budget surplus in 2020/2021, none of these financial flexibilities have yet been implemented by the Council. Officers will make recommendations in due course regarding 2021/2022, if considered appropriate.

The Council's longer-term financial projections and strategies will require to be revisited and updated to reflect the post-Covid situation and reports will be brought forward to the Policy and Resources Committee once more clarity emerges.

### **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 February 2021, the Policy & Resources Committee approved a combined five year Capital Plan for General Services and Housing totalling £457m over the period 2021 to 2026 which includes £70.7m for later years. 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 2020-2025 BY THEME (£M)



Our Capital Plan for 2021-2026 sets out a £386 million building programme for the next five years for General Services & Housing HRA. The Plan incorporates updates from the previously approved updated Capital Plan 2020-2025 which was approved at committee in September 2020. It also 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, Sustainable Transport & Infrastructure to implement further measures to improve the air pollution levels in the city caused by transportation, Broughty Ferry to Monifieth Active Travel Improvements to make improvements to active travel links, Sustainability and Low Carbon Projects to allow further investment in measures to reduce carbon emission levels.

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 (ESSH) but with a focus and commitment to meet ESSH2 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.

In January 2019, the Policy & Resources Committee approved the Council's first annual Capital Strategy. The Capital Strategy covers capital expenditure, investments, liabilities and treasury management and sets out a framework for the self-management of capital finance. The Strategy approved in 2019 remains in place and may be subject to further review in line with the Council and its partners changing priorities.

## Tay Cities Deal

The Tay Cities Deal was formally signed at an online ceremony on 17 December 2020. The Deal is an agreement between the UK Government, Scottish Government, Angus, Dundee City, Fife and Perth & Kinross councils along with the business and higher and further education sectors. The two governments have pledged £300 million which will help to lever a further £400 million of investment to create a smarter and fairer city region with over 6,000 new job opportunities. The deal covers 26 projects and programmes. If every project and programme set out in the Deal is funded and delivered, over 6,000 job opportunities could be created across tourism, food and drink, creative industries, eco innovation, digital, decommissioning, engineering, biomedical, forensic science and health and care. Throughout 2020/2021 significant work has been undertaken to prepare all the necessary documentation for a full deal and to develop outline and full business cases for the underpinning projects and programmes. Significant projects for Dundee that are expected to commence in 2021/2022 include £25m for growing the Tay Cities Biomedical cluster and £11.7m investment in a cyber security hub.

## 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 will be 2021/2022.

## PART 7 - CONCLUSION & ACKNOWLEDGMENTS

### Conclusion

Throughout 2020/2021 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 2020/2021 due to the Covid-19 pandemic and two national lockdowns. Council and partner services across the City have had to go into emergency response and adapt dramatically at pace to respond to this crisis and put 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 and lockdown are being assessed now to shape the City's recovery.

### 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 2020/2021 Annual Accounts.



**Robert Emmott BSc, CPFA**  
**Executive Director**  
**of Corporate Services**  
**Dundee City Council**  
**17 November 2021**



**Gregory Colgan BAcc (Hons),**  
**ACMA, CGMA**  
**Chief Executive**  
**Dundee City Council**  
**17 November 2021**



**Councillor John Alexander**  
**Leader of the Council**  
**Dundee City Council**  
**17 November 2021**

## 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.
- 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.
- Corporate Compliance Group.
- An Integrity Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.

- Council Management Team and each Service's Senior Management Teams.
- Participating in National Fraud Initiative strategy for sharing and cross-matching data.
- 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 2020/2021 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 97% (2019/2020: 96%) 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 55-point checklist covering seven 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; and Partnerships. This again indicated a high level of compliance, with an overall score above 90% for 2020/2021 (2019/2020: 92%).

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 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 2021. During 2020/2021, an Internal Audit report identified significant weaknesses in materials purchasing in Construction Services. The report has been considered by the Scrutiny Committee and all the recommendations have been accepted and are being implemented.



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.

### **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 on 23 March 2020. These impacts have been severe and are likely to continue until there is a full recovery. All levels of government have taken action 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 2020/2021. 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.

#### 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. This was again highlighted by the Council's response to the Covid crisis. Having a reliable IT platform which immediately enabled remote working allowed the Council to respond to these new requirements quickly.

#### 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 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. The following procedures were implemented for Council Committee business immediately following that meeting:

- All non-essential Committee business was deferred to ensure that all Elected Members and Council Officers could concentrate the maximum possible time and effort on supporting the City through the crisis;
- Observing the Council's existing Scheme of Delegation of Powers to Officers ([Standing Orders](#) pages 153-199) in order to ensure that Services acted in accordance with the powers which the Council had already delegated;
- All essential Committee business which was not covered by the Scheme of Delegation of Powers to Officers was dealt with as Urgent Matters Arising Between Meetings (i.e. by the Chief Executive / relevant Executive Director, in consultation with the nominated Member of the Administration Group, nominated Members of the Labour Group, Conservative Group and Liberal Democrat Group, the Independent Member and the Lord Provost); and
- To facilitate the conduct of the Council's business over the Summer 2020 period as the City of Dundee continued to respond to Covid-19 and gradually exit Lockdown, a short-life Recovery Sub-Committee of the Council was established in June 2020 to deal with matters of an urgent nature, which the Chief Executive or Head of Democratic and Legal Services believed could not wait until the next ordinary meeting of the Committee concerned.

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. Essential Council business items that had been dealt with as Urgent Matters Arising Between Meetings were reported to the relevant committees for noting.

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 reflected changes to the Council'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 arising, 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 and Self-Isolation Support Grant;
- 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 on-going 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](#)).

- 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 ([Report 185-2020](#)) 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 ([Reports 213-2020](#)); Covid-19 Emerging Fraud Risks ([Report 214-2020](#)); and Covid-19 Implications for Public Finances in Scotland ([Report 221-2020](#)).

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 with a view to developing business continuity arrangements further. 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 2020/2021 is detailed in table 1. Several items are still in progress and have been carried forward to be actioned in 2021/2022. 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 2021/2022. 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 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.

Work has been undertaken to develop a Governance Principles Framework to strengthen the governance arrangements associated with health and social care integration across the whole of the Tayside region. To ensure that these governance principles reflect the Dundee health and social care environment both the Council and NHS Tayside will work together to agree on these principles as they apply to their relationship with DCIJB.

The Covid-19 crisis resulted in the DCIJB stepping down its formal meetings, including the Performance and Audit Committee (PAC) and applying its delegated authority arrangements for decision making as set out within the DCIJB's Standing Orders and Scheme of Delegation. Weekly briefings have been held with voting members of the DCIJB to ensure they have been kept up to date with the impact and response to the crisis.

There was one occasion during the year when a PAC meeting did not take place. This was the March 2021 meeting due to no urgent business. There were no meetings held from November 2019 until September 2020. The meetings due to take place which were cancelled were the February 2020 meeting due to not being quorate, and the March 2020 meeting due to the Covid-19 crisis. A virtual DCIJB meeting was held in June 2020 to enable DCIJB members to formally approve a number of reports. Whilst this is significant, the PAC terms of reference notes that it will meet at least three times per year, therefore it met its minimum requirements.

Report No (Report DIJB22-2020) by the Chief Officer provided the DCIJB with an overview of the Partnerships strategic and operational response to the Covid-19 pandemic, including the steps taken by the DHSCP to respond to the challenges at each stage of the Covid-19 pandemic. The changes to operational arrangements which were overseen and supported by a rapidly established incident control structure, are set-out in a diagram in appendix 1 to the report. An overview timeline of the Partnership's strategic and operational response to the Covid-19 pandemic, from the onset of the pandemic to the end of May 2020 is provided in appendix 2 to the report.

In August 2020, the DCIJB considered and approved the Partnership's Covid-19 recovery plan (Article XVI of the minute of the DCIJB held on 25th August, 2020 refers). A report detailing the Partnership's response to the second wave of the pandemic and providing an update on progress with recovery, including presenting the revised recovery plan for approval was submitted to the DCIJB on the 21st April, 2021.

The response to the Covid-19 pandemic is a significant event which has impacted on the internal control environment but is currently managed in line with business continuity plans. There has been significant disruption to service delivery arrangements for the DHSCP with the response to this reflected in the DHSCP's mobilisation plan with future service arrangements being considered as part of the DHSCP's recovery plan.

As the Partnership approached the mid-point of the current Strategic and Commissioning Plan it also experienced an unprecedented set of circumstances. The on-set of the Covid-19 pandemic during 2020 represented a significant material change in circumstances from those that were known or could reasonably have been predicted at the time that the Strategic and Commissioning Plan was agreed. The Partnership's initial response to the pandemic was directed through a range of response plans, most significantly the Partnership's mobilisation plan and plan for the provision of support to care homes. These plans were produced rapidly to support immediate changes to models of service provision, workforce planning and wellbeing and to secure additional resources required to mobilise the immediate response to the pandemic from the Scottish Government.

Recovery planning activity sits within the wider context on the Partnership's current Strategic and Commissioning Plan. As recovery plans continue it has been necessary to consider their impact on the ability to deliver the commitments set out in the Strategic and Commissioning Plan at the pace and scale original envisioned. Throughout the remaining duration of the plan (that is until March 2022) it is likely that the Partnership will have to sustain a Covid-19 response alongside 'business as usual' activity and developments. Based on the information available at the present time and the style and content of the Strategic and Commissioning Plan the Council does not believe that there will be a need to undertake an early full review of the plan. Indeed, this in itself would be extremely difficult until such times as a revised strategic needs assessment, that accounts for the impact of the pandemic, is available and this is unlikely to be the case before at least the end of the 2020/2021 financial year. The ability to undertake meaningful engagement and co-production with individuals and communities is also likely to be significantly restricted, including as a result of social distancing regulations, for the foreseeable future.

The Partnership's Integrated Strategic Planning Group, chaired by the Chief Finance Officer, has had an integral role in overseeing the delivery of the Strategic and Commissioning Plan. The group was also well placed to provide leadership and oversight of recovery planning work, including assessing the impact of recovery plans on the strategic and commissioning plan.

### **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 2020/2021. It is proposed over 2021/2022 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Council's governance arrangements.




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**Gregory Colgan BAcc (Hons), ACMA, CGMA**  
**Chief Executive, Dundee City Council**  
 17 November 2021




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**Councillor John Alexander**  
**Leader of the Council**  
 17 November 2021

**CONTINUOUS IMPROVEMENT AGENDA FOR 2020/2021 - WITH PROGRESS UPDATES**

The Council's Corporate Governance Assurance Statement group identified the following areas for improvement to be taken forward during 2020/2021. Full details are included in:

Local Code of Corporate Governance (<https://www.dundee.gov.uk/reports/reports/158-2020.pdf>)

and the 2019/2020 Annual Governance Statement (<https://www.dundee.gov.uk/reports/reports/157-2020.pdf>).

**TABLE 1:**

ORIGINAL IMPROVEMENT AGENDA ON 2019/2020 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 2019/2020. In progress.	Executive Director of Corporate Services.	31/12/2020		Council Management Team is exploring the potential benefits and costs of producing a centralised Corporate Asset Management Plan, and seeking to study other similar documents produced by other Councils. As an interim measure, Service Asset Management Plans and Registers will be updated for each relevant asset class, including Corporate Property, IT, Roads, Structures, Housing Revenue Account and Fleet, with oversight through the Annual Governance Statements administered by Corporate Finance. Target completion date: 31/12/2021.
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 2019/2020. In progress.	Service Manager - Community Safety and Resilience.	31/03/2021		In our response to the Coronavirus pandemic, DCC has demonstrated our resilience and ability to quickly adapt in order to maintain essential services and to provide appropriate responses to the pandemic on a range of additional workstreams, often via effective partnership working with the Local Resilience Partnership, NHS Tayside and the Third Sector. Business Continuity Plans will require to be revised to pick up lessons learned from the Council's pandemic response. This is estimated to be completed by 31 March 2022.
3	Develop programme for consideration of the suitability of key Operational IT systems	Annual Governance Statement 2018/2019. (SAC: Internal Control Environment section). <a href="#">Report 214-2018</a>	Carried forward from 2019/2020. In progress.	Head of Customer Services and IT.	31/12/2020		Covid severely impacted IT priorities in 2020 and continues to do so. This requirement will be revisited during 2021 with the intention of completing the review by the end of 2021.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
4	Re-launch Anti-Money Laundering Policy and Guidance	Annual Governance Statement 2018/2019. (SAC: Fraud Prevention and Detection section). <a href="#">Report 214-2018</a>	Carried forward from 2019/2020. In progress.	Financial Services and Investment Manager.	31/12/2020	26/04/2021	Revised Anti-Money Laundering Policy and Risk Register was approved by P&R Committee on 26 April 2021 ( <a href="#">Report 123-2021</a> ).
5	Develop a Serious Organised Crime Guide.	Serious Organised Crime Newsletter, June 2018. Issue 1	Carried forward from 2019/2020. In progress.	Head of Corporate Finance.	31/12/2020	17/03/2021	Serious Organised Crime (SOC) guide approved by SOC Group on 22/1/2021.  Serious Organised Crime Guide was published on OneDundee on 17/3/2021.
6	Replace Construction Services' Costing System.		Carried forward from 2019/2020. In progress.	Head of Construction and Head of Customer Services and IT.	31/03/2021		Progress towards replacing Construction Systems continues to be directly affected by the implementation of the new Housing system Civica Cx which it is dependent on.  The first phase of Civica Cx has now been implemented. With plans being set for the next phase which includes Housing Repairs. From there a plan for the implementation of construction systems can be set. Background preparation of the new Construction system has been progressed. The intention is to complete this by the end of 2021.  Further to above, it is anticipated that Total Repairs operational trials will be completed by April 2022 and fully operational late 2022 when the new depot building is completed.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
7	Develop further the Governance Arrangements in place with significant partnerships.		Carried forward from 2019/2020. In progress. Further consideration to be given to Health and Social Care and Tay Cities Deal (TCRJ also mentioned in IA 2019/2020 Audit Plan).	Executive Director of Corporate Services.	31/12/2020	02/03/2021	<p>The Dundee Health and Social Care Partnership's Annual Performance Report was reviewed by the Policy and Resources Committee on 11 January 2021 (Item 6 refers) and its Financial Arrangements were reviewed by the Council's Scrutiny Committee on 10 February 2021 (Item 4 refers).</p> <p>Tay Cities Deal: a DCC Internal Audit review of Governance is presently in the planning stage (Scrutiny Committee 10 February Item 5 refers).</p> <p>The Corporate Services Management Team, having regard to the services provided to the Dundee Health and Social Care Partnership and the Tay Cities Deal, are satisfied that no Service Level Agreements require to be in place with either of these organisations. This action can therefore be marked as completed.</p> <p>Future planned work: The Integration Scheme, which sets out the governance arrangements between the council and NHS Tayside in relation to the provision of health and social care services, is being revised over the course of 2021/2022. As part of this work a full review of how corporate support service is provided to each of the Tayside IJB's will be carried out to inform future arrangements.</p>
8	Develop further the Governance Arrangements in place with significant partnerships.		Carried forward from 2019/2020. In progress. Adoption / Formalising of the Property, Housing and Construction Services Partnership is key action for 2019.	Executive Director of Neighbourhood Services, City Development, and Corporate Services.	31/12/2020	03/11/2020	Oversight arrangements for the Construction Services Partnership Agreement approved by Council Management Team on 3/11/2020.



TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
9	Revise Corporate Fraud Policy.	Internal Audit section (Ref 2014/08).	Carried forward from 2019/2020. In progress.	Senior Manager - Internal Audit.	31/12/2020		Work is ongoing in line with previous comments. There is also a requirement to ensure, as part of this process, that the suite of fraud mitigation policies are aligned (e.g. including Whistle-blowing Policy, Anti-Bribery Policy, etc). It was agreed at the most recent Integrity Group meeting that the deadline for completing this task will be 31/12/21.
10	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 2019/2020. In progress.	Transformation and Performance Manager .	31/12/2020		Each service has a scorecard in the Corporate Performance Management system containing the key performance indicators and actions from the City Plan, Council Plan, Fairness Action Plan and LGBF. Existing scorecards will be updated in line with the updated Performance Management Framework and Service Plans for 2021-24 which are due to be finalised by June 2021.
11	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>	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.	31/03/2021		Elected members equalities training in the diary and dates set. Further discussions planned for further Continuing Professional Development. Target completion date 31/12/2021.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
12	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>	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.	31/03/2021		<p>Future Needs Analysis: Services have access to up-to-date workforce planning data, guidance and courses on succession planning to assist them in their workforce planning. They are already supported to fill gaps identified through existing workforce planning and EPDR processes by our business partnering approach.</p> <p>MyLearn contains employee records of learning and development gained during their time with DCC and this will be further developed to record learning and development gained out with the workplace and their CPD, with a view to it becoming a skills register.</p> <p>The desired outcome for this action is that current workforce skills against future needs have been assessed and that a strategic workforce plan exists to ensure the Council can meet its priorities. This task will involve assessing and aggregating the individual service workforce plans and any skills gaps identified during this process will be considered when developing the Council's workforce plan.</p> <p>Workforce Plans: Service Plans are currently being developed by each service area. Workforce planning is an integral part of service planning and this will therefore be progressed as the service planning process develops further.</p> <p>Workforce Plans are due for completion in December 2021 and as a result, it is proposed that the target completion date for the Future Needs Analysis is extended to April 2022.</p>
13	Strengthen the arrangements around capital projects.	Best Value Self-Assessment <a href="#">Report 68-2020</a>	Ensure that robust business cases and regular and consistent Gateway reviews and post-project evaluations are undertaken for significant capital project.	Executive Director of Corporate Services.	31/03/2021	19/05/2021	Business Case and Option Appraisal Guidance approved by Capital Governance Group in December 2020 and CMT in March 2021. Operational templates developed and circulated on 19/5/2021.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
14	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>		CMT.	31/03/2021		<p><u>Transforming Public Protection</u>: Planned activity within the programme has been adversely impacted over the last six months by the COVID-19 pandemic as a range of resources required to be diverted to maintain essential services and provide a range of enhanced approaches to mitigate the impact of lockdown conditions on the most vulnerable citizens. However, over the last year progress has been made in relation to: the implementation of practice improvement programmes focused on chronologies and risk assessment; the development of a strategic risk register and options for restructuring of the multi-agency protecting people strategic and governance structure; and, in relation to the re-design of multi-agency screening approaches. A detailed action update has been provided against all incomplete sub actions.</p> <p><u>PP Enhanced Leadership Support &amp; Scrutiny</u>: This area of the work programme is at the most advanced stage, with a range of planned activities having been completed. Work is continuing to focus on restructuring of governance and strategic structures and refocusing on core functions, supported by the development of a risk register. Much of the leadership activity is becoming embedded as business as usual culture and approach at the COG.</p>
15	Continue to improve Community Empowerment.	Best Value Self-Assessment <a href="#">Report 68-2020</a>	Maintain the momentum gained from the Engage Dundee programme, this included the CoSLA award winning participatory budget process "Dundee Decides".	Service Manager – Communities.	31/03/2021	28/02/2021	Report on Mainstreaming Participatory Budgeting approved by Council Management Team (CMT) in February 2021. Operational templates and guidance now being completed and a further report to CMT on direction of travel is planned for April 2021.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
16	Embed regular monitoring and reporting on progress towards the UN sustainable development goals within performance reporting.	Best Value Self-Assessment <a href="#">Report 68-2020</a>	The City-Wide Climate Change Action Plan is reported to Committee and this process needs to include wider sustainability goals.	Transformation and Performance Manager.	31/03/2021	08/03/2021	The City and Council Plan annual report, approved in August 2020 aligned the priority actions with the UN sustainable development goals and the revised Performance Management Framework approved by Committee in March 2021 <a href="#">Report 66-2021</a> embeds the UN Sustainable Development goals. Performance against the goals will be embedded into future performance reports in relation to corporate and service plans where relevant.
17	Continue to embed a culture of improvement across the organisation.	Best Value Self-Assessment <a href="#">Report 68-2020</a>	Managers and Leaders will ensure employees contribution to continuous improvement is supported, managed and reviewed.	Transformation and Performance Manager.	31/03/2021	08/03/2021	The Performance Management Framework was approved by Policy and Resources Committee in March 2021 <a href="#">Report 66-2021</a> . The framework sets out performance reporting to committees and established service planning. The Framework also sets out clear roles and responsibilities in relation to performance management which will support the Council to embed a culture of continuous improvement across the organisation. The Framework was launched on OneDundee and a link to the Framework was added to Dundee Performs, the performance module on the Council's website.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
18	Assess and report on the potential impacts of Brexit, including the development and implementation of a comprehensive contingency plan.	Local Government in Scotland Financial Overview 2018/2019 <a href="#">Report 54-2020</a>  Brexit Update <a href="#">Report 6-2020</a>  Internal Audit Annual Audit Plan 2019/2020 <a href="#">Report 154-2019</a>		Head of Chief Executives Service.	31/12/2020	Improvement Action Completed on 31/12/20.  Work will continue as necessary to meet ongoing requirements.	A Cross Party Group of politicians and an officers' Brexit Advisory Team have met regularly to assess the impact of Brexit and make any preparations possible to mitigate the consequences. Update reports have been submitted to the Policy and Resources Committee. These have covered issues such as resilience arrangements at a time when a 'no deal' Brexit was possible, engagement with the UK and Scottish Governments and COSLA, communications with the public and businesses, publicising citizens' rights (especially in relation to the EU settlement scheme (EUSS)), assessing the effect on local economy/businesses, implications for Council workforce, procurement/supply issues, food insecurity, regulatory matters, funding and other impacts on Council finances. Risk assessments have been done. Work continues after the end of the transition period on 31 December 2020, with a particular focus on encouraging applications to the EUSS, assisting the Chamber of Commerce in its support for local businesses, monitoring any impact on costs and supply chains of the new trade arrangements, and seeking to influence and prepare for the UK Shared Prosperity Fund which will replace European funding.
19	Embed Information Governance Assurance checklist in annual corporate governance assurance process.	Corporate Governance Assurance Statement Group's review of Annual Governance process.	Ensure results are reflected in 2020/2021 Annual Governance Statement.	Information Governance Manager / Head of Corporate Finance.	31/03/2021		Awareness of this action was raised via the Strategic GDPR Group. The Information Governance (IG) audit checklist was trialled in early 2020 with limited returns by Services due to the pandemic. As part of the wider Governance Audit, the IG audit was re-submitted to Services to complete for the current year. There were limited responses. In order to streamline the process it has been agreed to include IG issues in the 2021/2022 Annual Governance Statement self-assessment checklist to ensure responses from Services and sign-off from Executive Directors. Revised target date of 28/2/2022.

TABLE 1 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
20	Review the Council's response to Covid-19 crisis.		Including lessons learned, good practice, and areas for improvement.	Chief Executive / Executive Director of Corporate Services.	31/03/2021		Regular reports to the Policy & Resources Committee on the Council's response and plans including Look Back at DCC Covid-19 Response <a href="#">Report 189-2020</a> , Covid-19 Recovery Plan <a href="#">Report 185-2020</a> , and Financial Implications of the Council's Response to the Covid-19 Emergency Update and Financial Recovery Plan <a href="#">Report 198-2020</a> updated December 2020 <a href="#">Report 308-2020</a> , February 2021 <a href="#">Report 61-2021</a> , and April 2021 <a href="#">Report 120-2021</a> . Action will be ongoing.

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

**CONTINUOUS IMPROVEMENT AGENDA FOR 2021/2022**

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 2021/2022:

**TABLE 2**

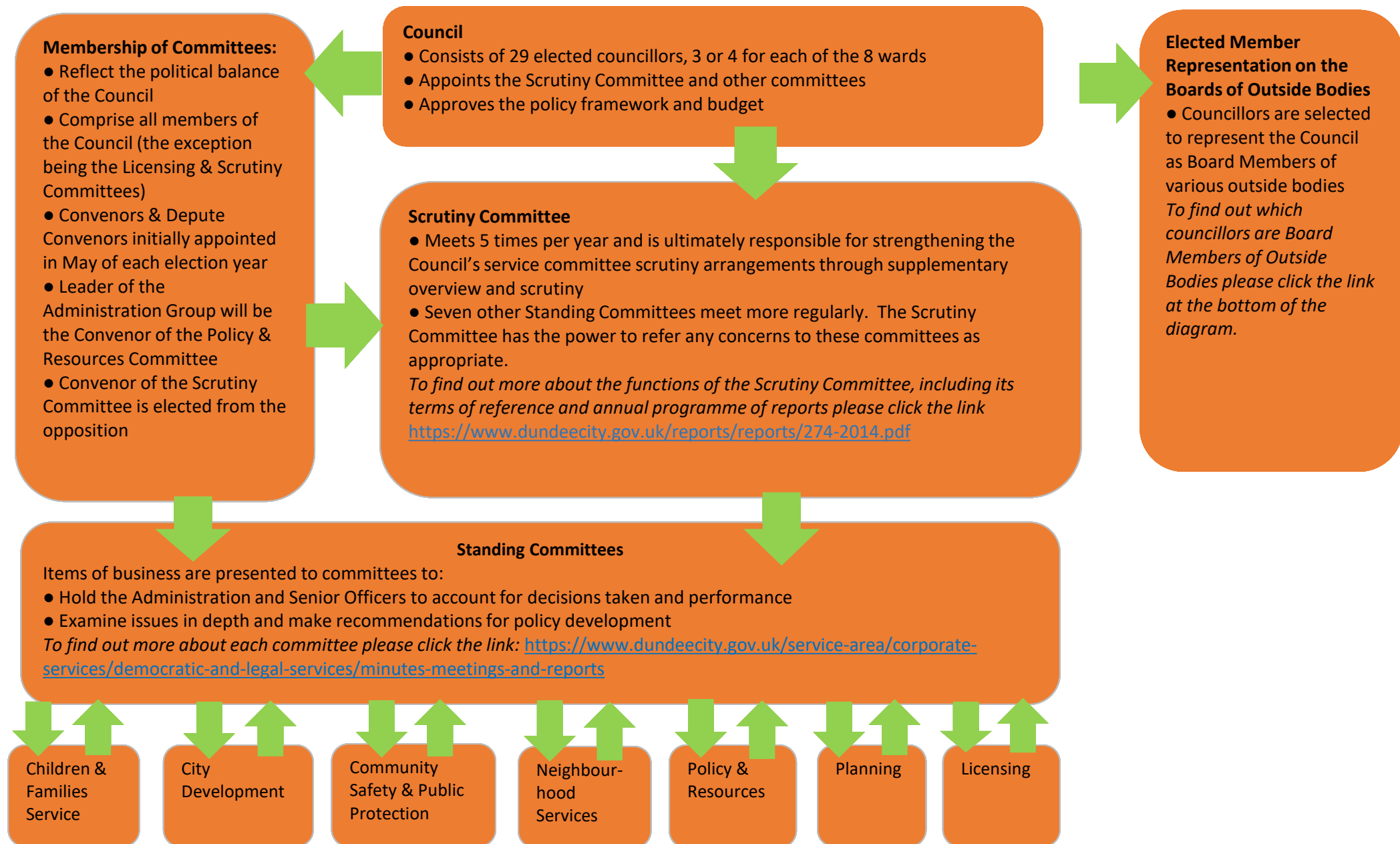
	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Update Corporate Asset Management Strategy.	Local Code of Corporate Governance 2017/2018. (Principle E: Developing the Entity). <a href="#">Report 223-2017</a>	Carried forward from 2020/2021. In progress.	Executive Director of City Development.	31/12/2021
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
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.	31/12/2021
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
5	Revise Corporate Fraud Policy.	Internal Audit section (Ref 2014/08).	Carried forward from 2020/2021. In progress.	Senior Manager - Internal Audit.	31/12/2021
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	31/12/2021
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.	31/12/2021

TABLE 2 (continued):

	Improvement	Source	Details	Responsible Officer	Target Completion Date
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.	30/04/2022
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.	CMT	31/03/2022
10	Embed Information Governance Assurance checklist in annual corporate governance assurance process.	Corporate Governance Assurance Statement Group's review of Annual Governance process.	Carried forward from 2020/2021. In progress. Ensure results are reflected in 2021/2022 Annual Governance Statement.	Information Governance Manager / Head of Corporate Finance.	28/02/2022
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.	31/03/2022
12	Implementation of the CIPFA Financial Management 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. Ensure results are reflected in 2021/2022 Annual Governance Statement.	Executive Director of Corporate Services.	30/06/2022
13	Identify the most appropriate apps in O365 to improve DCC Services.	Annual Governance Statement 2020/2021. (Self-Assessment Checklist (SAC): Internal Control Environment section).	New action for 2021/2022.	Head of Learning & Organisational Development.	31/03/2022



Dundee City Council's Governance Structure:



<https://www.dundee.gov.uk/sites/default/files/publications/electedmembersrepres22aug.doc>

## 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 50 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 2020/2021 the salary for the Leader of Dundee City Council was £35,713. 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 (£26,785). The Regulations allow the Civic Head to incur expenditure of up to £3,000 on expenses associated with the position. During 2020/2021, 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 £352,655 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 £352,655, incorporating the effect of 0.4%, 2.8% and 2.2% pay increases from 1 April 2018, 1 April 2019 and 1 April 2020 respectively. The actual remuneration paid to Senior Councillors in 2020/2021 was £352,655. 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.

	2020/2021	2019/2020
	£	£
Salaries	608,195	592,536
Mileage, Travel & Subsistence etc	-	3,635
Training & Conferences	-	885
Telephone Expenses	3,618	2,760
	<b>611,813</b>	<b>599,816</b>
Provision of Council Cars	40,409	42,546
<b>Total</b>	<b>652,222</b>	<b>642,362</b>

The full Annual Return of Councillors Salaries & Expenses for 2020/2021 is available on the Council's website ([www.dundee.gov.uk/sites/default/files/publications/electedmembers2020\\_21.pdf](http://www.dundee.gov.uk/sites/default/files/publications/electedmembers2020_21.pdf)).

### 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/150 sets the amount of salary for the Chief Executive of Dundee City Council for the period 2018 to 2021. 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 2020/2021, 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 2020/2021	No of Employees 2019/2020
£50,000 - £54,999	213	199
£55,000 - £59,999	71	72
£60,000 - £64,999	42	54
£65,000 - £69,999	54	43
£70,000 - £74,999	17	8
£75,000 - £79,999	5	6
£80,000 - £84,999	4	4
£85,000 - £89,999	4	6
£90,000 - £94,999	3	8
£95,000 - £99,999	10	2
£100,000 - £104,999	1	-
£110,000 - £114,999	-	1
£115,000 - £119,999	-	3
£120,000 - £124,999	3	-
£125,000 - £129,999	1	-
£130,000 - £134,999	1	-
£150,000 - £154,999	-	1
<b>Total</b>	<b>429</b>	<b>407</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 2020/2021 remain at the 2009/2010 rates, however the pay bandings have been updated from 2019/2020. The tiers and contribution rates are as follows:

Whole Time Pay	Contribution Rate 2020/2021
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 2020/2021, the scheme member contribution rate for Senior Councillors was in the range of 3.25% to 5.6% (2019/2020 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 2020/2021, the employer contribution rate was 17.0% (2019/2020 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, employers 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. Due to time constraints and changes in personnel, it has not been possible to include the required disclosures in the 2020/21 accounts. The required information for 2020/21 is currently being collated and it is intended to publish it on the Council's website in due course, in line with the requirements of the 2017 Regulations. Going forward, appropriate arrangements will be put in place to ensure that the required information is collated and published in the annual accounts and on the Council's website, on a timely basis.




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**Gregory Colgan BAcc (Hons), ACMA, CGMA**  
**Chief Executive, Dundee City Council**  
 17 November 2021




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**Councillor John Alexander**  
**Leader of the Council**  
 17 November 2021

TABLE 1a – REMUNERATION OF SENIOR COUNCILLORS

Councillor Name	Responsibility	Salary, Fees & Allowances £	Taxable Expenses £	Non-cash Benefits -in-Kind £	Total Remuneration 2020/2021 £	Total Remuneration 2019/2020 £
Willie Sawers	Depute Convener, Policy and Resources	23,716	-	-	23,716	23,205
Stewart Hunter	Convener, Children and Families Services	23,716	-	-	23,716	23,205
Ken Lynn	Lead Member for Health & Social Care	23,716	-	-	23,716	23,205
Will Dawson	Convener, Planning	23,716	-	-	23,716	23,205
John Alexander	Leader	35,713	-	-	35,713	34,944
Kevin Keenan	Convener, Scrutiny and Leader of the Major Opposition Group	23,716	-	-	23,716	23,205
Alan Ross	Convener, City Development (until 10/8/20) and Depute Convener of Neighbourhood Services (wef 11/8/20)	21,394	-	-	21,394	23,205
Bill Campbell	Depute Lord Provost	20,086	-	-	20,086	19,654
Kevin Cordell	Convener, Community Safety and Public Protection	23,716	-	-	23,716	23,205
Ian Borthwick	Lord Provost	26,785	-	-	26,785	26,208
Mark Flynn	Depute Convener, City Development (until 10/8/20) and Convener, City Development (wef 11/8/20)	22,408	-	-	22,408	19,654
Anne Rendall	Convener, Neighbourhood Services	23,716	-	-	23,716	22,376
Steven Rome	Depute Convener, Neighbourhood Services (until 10/8/20) and Depute Convener, City Development (wef 11/8/20)	20,086	-	-	20,086	15,068
Roisin Smith	Depute Convener, Children and Families Services	20,086	-	-	20,086	19,654
<b>Total</b>		<b>332,570</b>	<b>-</b>	<b>-</b>	<b>332,570</b>	<b>319,993</b>

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

Councillor Name	Responsibility	Salary, Fees & Allowances £	Taxable Expenses £	Expenses & Benefits-in-Kind £	Total Remuneration 2020/2021 £	Total Remuneration 2019/2020 £
Lynne Short	Chairperson, Tay Road Bridge Joint Board	22,320	-	-	22,320	16,744
Christina Roberts	Vice Convener, Tayside Valuation Joint Board	21,204	-	-	21,204	20,748
<b>Total</b>		<b>43,524</b>	<b>-</b>	<b>-</b>	<b>43,524</b>	<b>37,492</b>

**Note**

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

	2020/2021 £	2019/2020 £
Tay Road Bridge Joint Board	2,234	1,640
Tayside Valuation Joint Board	1,118	1,094
<b>Total</b>	<b>3,352</b>	<b>2,734</b>

**TABLE 1b NOTES**

- 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. Councillor Christina Roberts also held the Senior Councillor post of Depute Convener of Planning Committee during financial year 2020/2021.



TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES OF THE COUNCIL

Employee Name	Post Title	Salary, Fees & Allowances £	Bonuses £	Taxable Expenses £	Compensation for Loss of Employment £	Benefits Other Than in Cash £	Total Remuneration 2020/2021 £	Total Remuneration 2019/2020 £
David Martin	Chief Executive (until 31/1/21) (full year equivalent salary £150,438) (see note 1)	126,363	-	-	-	-	126,363	154,989
Gregory Colgan	Executive Director of Corporate Services (until 6/12/20) and Chief Executive (wef 7/12/20)	130,482	-	-	-	-	130,482	118,659
Robert Emmott	Executive Director of Corporate Services (wef 25/2/21) (full year equivalent salary £114,233)	10,471	-	-	-	-	10,471	-
Paul Clancy	Executive Director of Children and Families	121,140	-	-	-	-	121,140	117,609
Robin Presswood	Executive Director of City Development	121,140	-	-	-	-	121,140	114,214
Elaine Zwirlein	Executive Director of Neighbourhood Services	121,140	-	-	-	-	121,140	117,609
Judy Dobbie	Director of Leisure and Culture Dundee (wef 1/12/19)	104,104	-	-	-	-	104,104	32,881
Diane McCulloch	Head of Health & Community Care, Dundee Health and Social Care Partnership (Chief Social Work Officer)	95,828	-	-	-	-	95,828	93,030
<b>Total</b>		<b>830,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>830,668</b>	<b>748,991</b>

TABLE 2 NOTES

- 1 The Total Remuneration 2020/2021 figure for David Martin, Chief Executive until 31/1/21, includes £912 for election duties (2019/2020: £8,933).
- 2 The Total Remuneration 2020/2021 figure for Gregory Colgan, Chief Executive from 7/12/20, includes £nil for election duties (2019/2020: £1,050).
- 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 2021 £000	Pension Difference from 31 March 2020 £000	Lump Sum as at 31 March 2021 £000	Lump Sum Difference from 31 March 2020 £000	Pension Contribution 2020/2021 £	Pension Contribution 2019/2020 £
Willie Sawers	Depute Convener, Policy and Resources	6.0	0.6	1.8	0.0	4,032	3,945
Stewart Hunter	Convener, Children and Families Services	5.8	0.5	1.7	0.0	4,032	3,945
Ken Lynn	Lead Member for Health & Social Care	0.8	0.5	0.0	0.0	4,032	2,301
Will Dawson	Convener, Planning	6.0	0.6	1.8	0.1	4,032	3,945
John Alexander	Leader	4.5	0.5	0.0	0.0	6,071	5,198
Kevin Keenan	Convener, Scrutiny and Leader of the Major Opposition Group	6.3	0.5	2.0	0.0	4,032	3,945
Alan Ross	Convener, City Development (until 10/8/20) and Depute Convener of Neighbourhood Services (wef 11/8/20)	5.4	0.5	1.1	0.0	3,637	3,945
Bill Campbell	Depute Lord Provost	3.5	0.5	0.0	0.0	3,415	3,341
Kevin Cordell	Convener, Community Safety and Public Protection	3.8	0.5	0.0	0.0	4,032	3,945
Mark Flynn	Depute Convener, City Development (until 10/8/20) and Convener, City Development (wef 11/8/20)	1.6	0.4	0.0	0.0	3,809	3,341
Anne Rendall	Convener, Neighbourhood Services	1.7	0.5	0.0	0.0	4,032	3,804
Steven Rome	Depute Convener, Neighbourhood Services (until 10/8/20) and Depute Convener, City Development (wef 11/8/20)	0.8	0.4	0.0	0.0	3,415	2,562
Roisin Smith	Depute Convener, Children and Families Services	1.6	0.4	0.0	0.0	3,415	3,341
<b>Total</b>		<b>47.8</b>	<b>6.4</b>	<b>8.4</b>	<b>0.1</b>	<b>51,986</b>	<b>47,558</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 2021 £000	Pension Difference from 31 March 2020 £000	Lump Sum as at 31 March 2021 £000	Lump Sum Difference from 31 March 2020 £000	Pension Contribution 2020/2021 £	Pension Contribution 2019/2020 £
David Martin	Chief Executive (until 31/1/21) (see note 1)	n/a	n/a	n/a	n/a	21,467	25,314
Gregory Colgan	Executive Director of Corporate Services (until 6/12/20) and Chief Executive (wef 7/12/20)	25	4	-	-	22,182	19,994
Robert Emmott	Executive Director of Corporate Services (wef 25/2/21)	-	-	-	-	1,780	-
Paul Clancy	Executive Director of Children and Families	68	4	129	4	20,594	19,994
Robin Presswood	Executive Director of City Development	44	41	58	58	20,594	19,416
Elaine Zwirlein	Executive Director of Neighbourhood Services	61	4	103	3	20,594	19,994
Judy Dobbie	Director of Leisure and Culture Dundee (wef 1/12/19)	45	12	78	21	17,698	5,590
Diane McCulloch	Head of Health and Community Care, Dundee Health and Social Care Partnership (Chief Social Work Officer)	47	3	80	2	16,291	15,815
<b>Total</b>		<b>290</b>	<b>68</b>	<b>448</b>	<b>88</b>	<b>141,200</b>	<b>126,117</b>

TABLE 4 NOTES

- 1 The Pension Contribution 2020/2021 figure for David Martin, Chief Executive, includes £155 contributions payable on fees for election duties (2019/2020: £1,519).
- 2 The pension figures for Robert Emmott, Executive Director of Corporate Services, relate solely to benefits accrued during employment with Dundee City Council.
- 3 During 2020/2021 the LGPS pension benefits accrued by Robin Presswood (Executive Director of City Development), prior to his employment at Dundee City Council, were transferred into Tayside 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)	
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
£0 - £20,000	-	-	26	18	26	18	303	259
£20,001 - £40,000	-	-	7	27	7	27	189	760
£40,001 - £60,000	-	-	1	4	1	4	54	211
£60,001 - £80,000	-	-	2	-	2	-	139	-
£80,001 - £100,000	-	-	2	1	2	1	185	81
£150,001 - £250,000	-	-	-	1	-	1	-	153
<b>Total</b>	-	-	<b>38</b>	<b>51</b>	<b>38</b>	<b>51</b>	<b>870</b>	<b>1,464</b>

TABLE 5 NOTES

- 1 The above table includes costs of termination benefits associated with voluntary redundancy payments to employees that left during 2020/2021. Under the terms of the Council's severance schemes for non-teaching staff, employees can elect to receive a voluntary redundancy payment. During 2020/2021, a total of 49 employees received voluntary redundancy payments (2019/2020 25 employees) for which the Council incurred one-off redundancy costs of £1.009m (2019/2020 £257,000).
- 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 2020/2021, in terms of payments to pension schemes and to individuals, were £1.296 m (2019/2020 £0.496m). The average pay-back period for exit packages in 2020/2021 was 0.88 years (2019/2020 0.40 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 oncosts.

***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 17 November 2021.

Signed on behalf of Dundee City Council

**Councillor John Alexander**  
**Leader of the Council**  
**17 November 2021**

***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 2021.

**Robert Emmott BSc, CPFA**  
**Executive Director of Corporate Services**  
**Dundee City Council**  
**17 November 2021**



## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Expenditure & Funding Analysis

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.

2019/2020			2020/2021		
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
156,387	7,511	163,898	156,135	6,223	162,358
78,289	4,850	83,139	80,178	3,773	83,951
15,133	55,474	70,607	27,786	45,575	73,361
24,994	5,586	30,580	24,824	4,517	29,341
11,397	327	11,724	11,764	262	12,026
28,080	5,930	34,010	28,105	5,044	33,149
(4,151)	1,751	(2,400)	(2,317)	1,230	(1,087)
(2,256)	21,057	18,801	(2,144)	7,352	5,208
349	-	349	369	0	369
912	-	912	946	0	946
(1,063)	2,462	1,399	787	2,342	3,129
<b>308,071</b>	<b>104,948</b>	<b>413,019</b>	<b>326,433</b>	<b>76,318</b>	<b>402,751</b>
(313,728)	(45,716)	(359,444)	(353,313)	(26,815)	(380,128)
<b>(5,657)</b>	<b>59,232</b>	<b>53,575</b>	<b>(26,880)</b>	<b>49,503</b>	<b>22,623</b>
13,865		<b>Opening General Fund and HRA Balance</b>	<b>16,520</b>		
5,657		<b>Less / Add Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	<b>26,880</b>		
(3,002)		<b>Transfers to / from Other Reserves</b>	<b>7,174</b>		
<b>16,520</b>		<b>Closing General Fund and HRA Balance at 31 March *</b>	<b>50,574</b>		

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

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Expenditure & Funding Analysis

### 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

2019/2020				2020/2021				
Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
3	7,189	319	7,511	Children & Families Services	3	6,073	147	6,223
				Dundee Health & Social Care				
5	5,257	(412)	4,850	Partnership	1	4,179	(407)	3,773
54,612	2,108	(1,246)	55,474	City Development	45,043	1,718	(1,186)	45,575
2,138	3,555	(107)	5,586	Neighbourhood Services	1,893	2,858	(234)	4,517
-	334	(7)	327	Chief Executive	-	276	(14)	262
1,688	4,310	(68)	5,930	Corporate Services	1,724	3,403	(83)	5,044
-	2,152	(401)	1,751	Construction	-	1,637	(407)	1,230
27,527	793	(7,263)	21,057	Housing Revenue Account	14,162	547	(7,357)	7,352
-	588	1,874	2,462	Miscellaneous Items	-	441	1,901	2,342
<b>85,973</b>	<b>26,286</b>	<b>(7,311)</b>	<b>104,948</b>	<b>Cost Of Services</b>	<b>62,826</b>	<b>21,132</b>	<b>(7,640)</b>	<b>76,318</b>
				<b>Other income and expenditure from the Expenditure and Funding Analysis</b>				
<b>(54,711)</b>	<b>1,375</b>	<b>7,620</b>	<b>(45,716)</b>		<b>(35,889)</b>	<b>1,380</b>	<b>7,694</b>	<b>(26,815)</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>31,262</b>	<b>27,661</b>	<b>309</b>	<b>59,232</b>		<b>26,937</b>	<b>22,512</b>	<b>54</b>	<b>49,503</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**

2019/2020 £000		2020/2021 £000
273,480	Employee benefit expenses	274,104
351,780	Other service expenses	377,309
2,920	Support service recharges	2,912
97,274	Depreciation, amortisation and impairment	75,309
28,211	Interest payments	27,665
912	Precepts and levies	946
754,577	<b>Total Expenditure</b>	758,245
(198,487)	Fees, charges and other service income	(197,950)
(1,076)	Interest and investment income	(1,547)
(54,505)	Income from Council Tax	(56,379)
(446,858)	Government grants and contributions	(479,510)
(76)	Gain on disposal of non-current assets	(236)
(701,002)	<b>Total Income</b>	(735,622)
<b>53,575</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>22,623</b>

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Comprehensive Income & Expenditure Statement

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.

2019/2020				2020/2021			
Gross Expend £000	Gross Income £000	Net Expend / (Income) £000		Gross Expend £000	Gross Income £000	Net Expend / (Income) £000	Unaudited 2020/2021 Budgeted Net Expenditure/ (Income) £000
189,858	(25,960)	163,898	Children & Families Services	199,995	(37,637)	162,358	174,793
205,780	(122,641)	83,139	Dundee Health & Social Care Partnership	218,157	(134,206)	83,951	84,131
89,656	(19,049)	70,607	City Development	90,859	(17,498)	73,361	79,065
38,711	(8,131)	30,580	Neighbourhood Services	39,182	(9,841)	29,341	30,272
13,144	(1,420)	11,724	Chief Executive	13,201	(1,175)	12,026	15,699
93,774	(59,764)	34,010	Corporate Services	90,786	(57,637)	33,149	37,073
14,659	(17,059)	(2,400)	DCS Construction	6,730	(7,817)	(1,087)	(514)
72,567	(53,766)	18,801	Housing Revenue Account	60,224	(55,016)	5,208	6,484
349	-	349	Discretionary NDR Relief	369	-	369	392
912	-	912	Tayside Valuation Joint Board	946	-	946	947
2,091	(692)	1,399	Miscellaneous Items	3,831	(702)	3,129	6,786
<b>721,501</b>	<b>(308,482)</b>	<b>413,019</b>	<b>Cost Of Services</b>	<b>724,280</b>	<b>(321,529)</b>	<b>402,751</b>	<b>435,128</b>
		(76)	Other Operating Expenditure (note 5)			(383)	(383)
		29,453	Financing and Investment Income and Expenditure (note 6)			30,080	32,083
		(388,821)	Taxation and Non-Specific Grant Income (note 7)			(409,825)	(408,830)
		<b>53,575</b>	<b>Deficit on Provision of Services</b>			<b>22,623</b>	<b>57,998</b>
		(8,355)	(Surplus) or Deficit on revaluation of non-current assets			3,689	3,689
			Impairment losses on non-current assets charged to the				
		3,390	Revaluation Reserve			1,041	1,041
			(Surplus) or Deficit on financial assets measured at fair				
		276	value through other comprehensive income			(357)	(357)
		(22,452)	Remeasurements of the net defined benefit liability (asset)			(56,038)	(56,038)
		<b>(27,141)</b>	<b>Other Comprehensive (Income) / Expenditure</b>			<b>(51,665)</b>	<b>(51,665)</b>
		<b>26,434</b>	<b>Total Comprehensive (Income) / Expenditure</b>			<b>(29,042)</b>	<b>6,333</b>

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Movement In Reserves Statement

### 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.

2019/2020	<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 2019</b>	<b>(13,865)</b>	-	<b>(6,621)</b>	<b>(2,573)</b>	<b>(3,139)</b>	<b>(626)</b>	<b>(26,824)</b>	<b>(744,889)</b>	<b>(771,713)</b>
<b>Movement in Reserves During 2019/2020</b>									
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>27,683</b>	<b>25,892</b>	-	-	-	-	<b>53,575</b>	<b>(27,141)</b>	<b>26,434</b>
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 9/EFA)	(31,534)	(27,698)	-	-	(9,033)	-	<b>(68,265)</b>	68,265	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>	<b>(3,851)</b>	<b>(1,806)</b>	-	-	<b>(9,033)</b>	-	<b>(14,690)</b>	<b>41,124</b>	<b>26,434</b>
Transfers to/(from) Earmarked Reserves	1,196	1,806	(2,680)	(739)	423	(6)	-	-	-
<b>(Increase)/ Decrease in 2019/2020</b>	<b>(2,655)</b>	-	<b>(2,680)</b>	<b>(739)</b>	<b>(8,610)</b>	<b>(6)</b>	<b>(14,690)</b>	<b>41,124</b>	<b>26,434</b>
<b>Balance at 31 March 2020 carried 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>

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Movement In Reserves Statement

2020/2021	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 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>									
<b>Total Comprehensive Income &amp; Expenditure</b>	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>

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'.

31 March 2020 £000		Note	31 March 2021 £000
1,613,055	Property, Plant & Equipment	27	1,581,611
8,382	Heritage Assets	42/43	8,382
15,232	Investment Property	24	13,731
712	Intangible Assets	25	2,172
29	Long Term Investments	38	29
13,181	Long Term Debtors	38/45	13,360
<b>1,650,591</b>	<b>Long Term Assets</b>		<b>1,619,285</b>
3,761	Short Term Investments	38	3,899
1,194	Inventories	31	1,048
52,920	Short Term Debtors	32	71,573
21,869	Cash and Cash Equivalents	16	-
8,012	Assets held for sale	30	5,219
<b>87,756</b>	<b>Current Assets</b>		<b>81,739</b>
(97,410)	Short Term Borrowing	38	(51,242)
(68,876)	Short Term Creditors	33/38	(85,006)
-	Cash and Cash Equivalents	16	(2,469)
<b>(166,286)</b>	<b>Current Liabilities</b>		<b>(138,717)</b>
(3,251)	Provisions	34	(4,006)
(496,945)	Long Term Borrowing	38	(492,347)
(168,602)	Pension Liability	12/20	(135,076)
(153,473)	Other Long Term Liabilities	44	(151,598)
(4,511)	Grants Receipts in Advance	37	(4,959)
<b>(826,782)</b>	<b>Long Term Liabilities</b>		<b>(787,986)</b>
<b>745,279</b>	<b>Net Assets</b>		<b>774,321</b>
41,514	Usable Reserves	11	69,894
703,765	Unusable Reserves	12	704,427
<b>745,279</b>	<b>Total Reserves</b>		<b>774,321</b>



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

The unaudited accounts were issued on 1 July 2021 and the audited accounts were authorised for issue on 17 November 2021

The notes on pages 70 to 140 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.

2019/2020		2020/2021
£000		£000
53,575	Net deficit on the provision of services	22,623
(143,646)	Adjust net (surplus) on the provision of services for non cash movements	(104,609)
4,519	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	4,253
(85,552)	Net cash flows from Operating Activities	(77,733)
77,895	Investing Activities (note 14)	44,463
(4,597)	Financing Activities (note 15)	57,608
(12,254)	Net (increase)/decrease in cash and cash equivalents	24,338
9,615	Cash and cash equivalents at the beginning of the reporting period	21,869
<b>21,869</b>	<b>Cash and cash equivalents at the end of the reporting period (note 16)</b>	<b>(2,469)</b>

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## 1 Accounting Policies

### A General Principles

The Annual Accounts summarise the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21 and the Service Reporting Code of Practice 2020/21, 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, 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.

## 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 (or any form of leave, eg time off in lieu) 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:
  - o quoted securities - current bid price
  - o unquoted securities - professional estimate
  - o unlisted securities - current bid price
  - o property - market value
- The change in the net pensions liability is analysed into the following components:
 

*Service Cost* comprising:

  - o 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.
  - o 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.
  - o 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:

  - o 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.
  - o 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.
  - o 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

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. 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

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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

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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 Capital Adjustment Account.

## 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

The following accounting changes will be introduced in the 2021/2022 Code of Practice:

Definition of a Business: Amendments to IFRS 3 Business Combinations

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4

The Council will be required to reflect these changes, as necessary, in its 2021/2022 Annual Accounts. It is not anticipated that these accounting changes will have a significant impact on the Council.

## 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:

- There is a continuing high degree of uncertainty about future levels of funding for local government, particularly in light of the longer-term economic impact of the Covid-19 epidemic. Other than recognition within debtor impairment allowances, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. In 2019/2020, the Council's valuer provided a Material Uncertainty Note along with the Valuation Certificate. This Note explained that, as a result of the Covid-19 pandemic and its impact on market activity, less certainty – and a higher degree of caution – should be attached to asset valuations than would normally be the case. In 2020/2021, the Council's valuer has advised that such uncertainty no longer exists to the extent that would require a Material Uncertainty disclosure. The valuer has, however, advised continuing caution around certain valuation areas eg smaller retail subjects, depreciated replacement cost (DRC) valuations.
- 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 £102.3m as at 31 March 2021) 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 (Baldrigon) 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 £24.0m as at 31 March 2021) 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 during a three and a half year interim service period, whilst a new plant is constructed on an adjacent site. The new plant is being constructed by MEB and will also 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 £53.0m as at 31 March 2021) is recognised as Assets Under Construction 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.
- In 2020/2021, the financial results of Leisure and Culture Dundee (LACD) have been consolidated on a Subsidiary basis within the Council's group accounts. Previously, consolidation was on an Associate 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.
- During 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 2021 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 2021 is £4.006m. 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	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>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 £30.7m. However, the assumptions interact in complex ways. During 2020/2021, the Council's actuaries advised that the net pensions liability had decreased by £33.5m. The decrease was due to a number of factors: the Current Service Cost for 2020/2021 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.</p>
Debtors / Non-collection Provisions	<p>At 31 March 2021, the Council has a gross balance for short-term sundry debtors of £109.823m, including local taxation and housing rent debtors. A review of the different categories of debt has concluded that an overall allowance for impairment of £38.250m is appropriate. However, while representing our best estimate, in the current economic climate it is not certain that these allowances would be sufficient particularly given the economic impact of the Covid-19 epidemic. Detailed information on debtor impairment allowances is provided in note 34.</p>	<p>If collection rates were to deteriorate, an increase in the amount provided for doubtful debts would require to be charged.</p>

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

2019/2020		2020/2021
£000		£000
(76)	(Gains) / losses on the disposal of non current assets	(236)
-	Impairment of Assets Held for Sale	(147)
<b>(76)</b>	<b>Total</b>	<b>(383)</b>

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

2019/2020		2020/2021
£000		£000
28,211	Interest payable and similar charges	27,665
4,086	Net interest on the net defined benefit liability (asset)	4,129
(828)	Interest receivable and similar income	(629)
-	Changes in the fair value of investment properties	1,500
(248)	Net income from investment properties	(918)
(572)	Share of Tayside Contracts surplus	(541)
(1,975)	Scottish Government contribution to DBFM interest costs	(1,943)
779	Trade Debtors Impairment Allowance	817
<b>29,453</b>	<b>Total</b>	<b>30,080</b>

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

2019/2020		2020/2021
£000		£000
(54,505)	Council Tax Income	(56,379)
(64,825)	Contribution from national non domestic rates pool	(32,888)
(230,227)	Non-ring-fenced government grants	(297,886)
(39,264)	Capital grants and contributions	(22,672)
<b>(388,821)</b>	<b>Total</b>	<b>(409,825)</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 2020 £000	31 March 2021 £000
Distribution from non-domestic rate pool	64,307	32,888
Non-domestic rate income retained by authority (BRIS)	518	-
<b>Non-domestic rate income credited to the comprehensive income and expenditure statement</b>	<b>64,825</b>	<b>32,888</b>

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

There were no material items of income or expense in 2020/2021 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.

	Usable Reserves				Movement in Unusable Reserves £000	Total 2019/ 2020 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000	Capital Grants & Receipts & Receipts Unapplied Account £000		
<b>2019/2020</b>						
<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	(58,446)	(38,829)	-	-	97,275	-
Capital grants and contributions that have been applied to capital financing	30,852	98	-	-	(30,950)	-
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	(3,508)	(935)	-	-	4,443	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	12,351	11,302	-	-	(23,653)	-
Capital expenditure charged against the General Fund and HRA balances	2,570	450	-	-	(3,020)	-
<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 2019/2020	3,453	1,066	(2,704)	(1,815)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	2,704	-	(2,704)	-

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

	Usable Reserves				Movement in Unusable Reserves £000	Total 2019/ 2020 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000	Capital Grants & Receipts Unapplied Account £000		
<b>2019/2020 (continued)</b>						
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to CIES	8,314	-	-	(8,314)	-	-
Capital grants and contributions applied to finance new capital expenditure	-	-	-	1,096	(1,096)	-
<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	220	99	-	-	(319)	-
<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)	(50,003)	(1,735)	-	-	51,738	-
Employer's pensions contributions & direct payments to pensioners payable in the year	23,287	790	-	-	(24,077)	-
<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	(624)	(4)	-	-	628	-
<b>Total Adjustments 2019/2020</b>	<b>(31,534)</b>	<b>(27,698)</b>	<b>-</b>	<b>(9,033)</b>	<b>68,265</b>	<b>-</b>



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

	Usable Reserves				Movement in Unusable Reserves £000	Total 2020/ 2021 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000	Capital Grants & Receipts Unapplied Account £000		
<b>2020/2021</b>						
<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

	Usable Reserves				Movement in Unusable Reserves £000	Total 2020/ 2021 £000
	General Fund Balance £000	HRA Balance £000	Capital Fund £000	Capital Grants & Receipts & Receipts Unapplied Account £000		
<b>2020/2021 (continued)</b>						
<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>

**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.

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>	

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

	Balance at 1 April 2019	Transfers Out 2019/2020	Transfers In 2019/2020	Balance at 31 March 2020	Purpose of the Earmarked Reserve
2019/2020	£000	£000	£000	£000	
<b>General Fund</b>					
Car Parking Balances	(351)	258	-	(93)	To fund future car parking projects
Second Homes etc Discount Reduction*	(1,024)	450	(518)	(1,092)	To fund new social housing
Organisational Change Fund	(1,411)	261	(1,900)	(3,050)	To fund service transformation initiatives
Budget Carry Forwards - Covid Funding	-	-	-	-	To fund underspends carried forward from previous year
Budget Carry Forwards - Other	(1,801)	1,801	(2,375)	(2,375)	To fund underspends carried forward from previous year
Dundee Partnership Festivals & Events Fund	-	-	(84)	(84)	To fund future events
Regional Performance Centre	-	-	(64)	(64)	To fund asset replacements
Sale of DERL - Warranties	(1,750)	-	-	(1,750)	To fund any future liabilities arising
<b>Total - Earmarked Balances</b>	<b>(6,337)</b>	<b>2,770</b>	<b>(4,941)</b>	<b>(8,508)</b>	
Uncommitted General Fund Balances	(7,528)	-	(484)	(8,012)	To fund unforeseen / emergency expenditure
<b>Total - General Fund Balances</b>	<b>(13,865)</b>	<b>2,770</b>	<b>(5,425)</b>	<b>(16,520)</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

31 March 2020		31 March 2021
£000		£000
(610,350)	Revaluation Reserve	(580,153)
5	Financial Instruments Revaluation Reserve	(352)
(287,154)	Capital Adjustment Account	(284,184)
13,204	Financial Instruments Adjustment Account	12,884
168,602	Pensions Reserve	135,076
11,928	Employee Statutory Adjustment Account	12,302
<b>(703,765)</b>	<b>Total Unusable Reserves</b>	<b>(704,427)</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.

2019/2020			2020/2021
£000			£000
<b>(631,628)</b>	<b>Balance at 1 April</b>		<b>(610,350)</b>
(26,868)	Upward revaluation of assets	(9,058)	
21,903	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	13,788	
(4,965)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		4,730
24,328	Difference between fair value depreciation and historical cost depreciation		24,253
1,915	Accumulated gains on assets sold or scrapped		1,214
<b>(610,350)</b>	<b>Balance at 31 March</b>		<b>(580,153)</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

2019/2020			2020/2021
£000			£000
<b>(271)</b>	<b>Balance at 1 April</b>		<b>5</b>
-	Upward revaluation of investments	(357)	
276	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-	
276			(357)
<b>5</b>	<b>Balance at 31 March</b>		<b>(352)</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.

2019/2020		2020/2021
£000		£000
<b>(301,206)</b>	<b>Balance at 1 April</b>	<b>(287,154)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
97,275	Charges for depreciation and impairment of non current assets	49,213
-	Revenue expenditure funded from capital under statute	491
4,443	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	4,017
101,718		53,721
(26,243)	Adjusting amounts written out of the Revaluation Reserve	(1,214)
75,475	Net written out amount of the cost of non current assets consumed in the year	52,507
	Capital financing applied in the year:	
(2,704)	Use of the Capital Fund to finance new capital expenditure	(2,893)
(30,950)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(22,086)
(1,096)	Application of grants to capital financing from the Capital Grants Unapplied Account	(446)
(23,653)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(23,577)
(3,020)	Capital expenditure charged against the General Fund and HRA balances	(1,888)
(61,423)		(50,890)
-	Movements in the market value of Investment Properties and Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	1,353
<b>(287,154)</b>	<b>Balance at 31 March</b>	<b>(284,184)</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.

2019/2020 £000		2020/2021 £000
<b>13,523</b>	<b>Balance at 1 April</b>	<b>13,204</b>
(306)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(306)
(13)	Difference in interest on stepped rate loans (existing 31 March 2007)	(14)
(319)	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	(320)
<b>13,204</b>	<b>Balance at 31 March</b>	<b>12,884</b>

The balance on the Financial Instruments Adjustment Account relates to:

31 March 2020 £000		31 March 2021 £000
11,692	Premiums and discounts associated with the refinancing of loans	11,386
1,506	Borrowing where the loan is a stepped interest rate loan	1,492
6	Loans to third parties granted at less than market interest rates	6
<b>13,204</b>		<b>12,884</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.

2019/2020 £000		2020/2021 £000
<b>163,393</b>	<b>Balance at 1 April</b>	<b>168,602</b>
(22,491)	Actuarial (gains) or losses on pensions assets and liabilities	(55,762)
39	Difference between actuarial pensions contribution figure and actual pensions contribution figure	(276)
51,738	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	46,856
(24,077)	Employer's pensions contributions and direct payments to pensioners payable in the year	(24,344)
<b>168,602</b>	<b>Balance at 31 March</b>	<b>135,076</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.

2019/2020 £000		2020/2021 £000
<b>11,300</b>	<b>Balance at 1 April</b>	<b>11,928</b>
(11,300)	Settlement or cancellation of accrual made at the end of the preceding year	(11,928)
11,928	Amounts accrued at the end of the current year	12,302
628	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	374
<b>11,928</b>	<b>Balance at 31 March</b>	<b>12,302</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:

2019/2020 £000		2020/2021 £000
(748)	Interest received	(601)
28,510	Interest paid	28,397
(144)	Dividends received	(144)

**14 Cash Flow Statement – Investing Activities**

2019/2020 £000		2020/2021 £000
81,077	Purchase of property, plant and equipment, investment property and intangible assets	48,464
3,118	Other payments for investing activities	3,365
(4,519)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,253)
(1,781)	Other receipts from investing activities	(3,113)
<b>77,895</b>	<b>Net cash flows from investing activities</b>	<b>44,463</b>

**15 Cash Flow Statement – Financing Activities**

2019/2020 £000		2020/2021 £000
(43,000)	Cash receipts of short and long-term borrowing	(5,000)
(23,800)	Other Receipts from Financing Activities - Financing Arrangement	-
6,620	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	7,193
55,583	Repayments of short- and long-term borrowing	55,415
<b>(4,597)</b>	<b>Net cash flows from financing activities</b>	<b>57,608</b>



**Reconciliation of Liabilities Arising from Financing Activities**

	1 April 2020 £000	Financing Cash Flows £000	Non-cash Changes Acquisition £000	Other £000	31 March 2021 £000
Long-term Borrowings	(496,945)	(5,000)	-	9,598	(492,347)
Short-term Borrowings	(97,410)	55,415	-	(9,247)	(51,242)
Financing Arrangement Liabilities	(23,542)	330	-	-	(23,212)
On Balance Sheet PFI Liabilities	(136,784)	6,863	-	(2,922)	(132,843)
<b>Total Liabilities from Financing</b>	<b>(754,681)</b>	<b>57,608</b>	<b>-</b>	<b>(2,571)</b>	<b>(699,644)</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 2020 £000		31 March 2021 £000
140	Cash held by the Council	302
(1,281)	Bank current accounts	(11,871)
23,010	Short-term deposits with banks and building societies	9,100
<b>21,869</b>	<b>Total cash and cash equivalents</b>	<b>(2,469)</b>

**17 Agency Services**

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

	2019/2020 (Income) £000	2019/2020 Expenditure £000	2020/2021 (Income) £000	2020/2021 Expenditure £000
The main items of income and related expenditure which are included in the Comprehensive Income and Expenditure Accounts are:				
<b>Non-Covid:</b>				
Special Education services to Various Local Authorities	(761)	761	(1,229)	1,229
Scottish Water Income	(574)	-	(562)	-
Improvement Service - Implementation of National Entitlement Card	(1,250)	1,250	(713)	713
The main items of income and related expenditure which are not included in the Comprehensive Income and Expenditure Accounts are:				
<b>Non-Covid:</b>				
Tay Cities Region Deal	-	-	(18,711)	18,711
<b>Covid:</b>				
SG - Childcare Providers Funding	-	-	(572)	565
SG - Business Support Grants	-	-	(44,663)	44,384
SG - Taxi Drivers Grants	-	-	(1,370)	1,370
SG - Spring / Winter Hardship Grants	-	-	(1,222)	1,188
SG - Self Isolation Funding	-	-	(124)	124
	<b>(2,585)</b>	<b>2,011</b>	<b>(69,166)</b>	<b>68,284</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:

	2019/2020 £000	2020/2021 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	356	365
<b>Total</b>	<b>356</b>	<b>365</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 2020/21, the Council paid £19.94m to Teachers' Pensions in respect of teachers' retirement benefits, representing 31.4% of pensionable pay. The figures for 2019/20 were £18.1m and 28.9%. 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 20.

The total contributions expected to be made to the Scottish Public Pensions Agency by the Council in the year to 31 March 2022 are £20m.

## 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 the 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>Local Government Pension Scheme and Discretionary Benefits Arrangements</b>	
	<b>2019/2020</b>	<b>2020/2021</b>
	<b>£000</b>	<b>£000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
• current service cost	46,991	42,268
• past service costs	207	52
• (Gains)/Losses on settlements and curtailments	454	407
<i>Financing and Investment Income and Expenditure</i>		
• net interest on the defined liability	3,646	3,679
• administration expenses	440	450
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>51,738</b>	<b>46,856</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)	(101,675)	368,219
• Other actuarial gains / (losses) on assets	-	(2,856)
• Changes in demographic assumptions	-	29,768
• Changes in financial assumptions	124,166	(356,964)
• Experience loss / (gain) on defined benefit obligation	-	17,595
• Difference between actuarial pensions contribution figure and actual pensions contribution figure	(39)	276
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>29,286</b>	<b>(9,182)</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	51,738	46,856
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	24,077	24,344
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation (scheme liabilities):</b>		
	<b>Year to</b>	<b>Year to</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	1,469,258	1,390,059
Current service cost	46,991	42,268
Interest cost	34,826	32,213
Contributions by scheme participants	7,805	8,304
<i>Remeasurement (gains) and losses:</i>		
• Changes in financial assumptions	(124,166)	356,964
• Changes in demographic assumptions	-	(29,768)
• Experience loss / (gain) on defined benefit obligation	-	(17,595)
Curtailments	454	407
Benefits paid	(42,711)	(44,664)
Past service costs	207	52
Unfunded pension payments	(2,605)	(2,808)
<b>Closing defined benefit obligation</b>	<b>1,390,059</b>	<b>1,735,432</b>

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

	Year to 31 March 2020 £000	Year to 31 March 2021 £000
Opening fair value of fund assets	1,305,865	1,221,457
Interest	31,180	28,534
Remeasurement gains and (losses):		
• Return on plan assets, excluding the amount included in the net interest expense	(101,675)	368,219
• Other actuarial gains / (losses)	-	(2,856)
Employer contributions	24,038	24,620
Administration Expenses	(440)	(450)
Contributions by scheme participants	7,805	8,304
Benefits paid	(45,316)	(47,472)
<b>Closing fair value of fund assets</b>	<b>1,221,457</b>	<b>1,600,356</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 2020		31 March 2021	
	£000	%	£000	%
<b>Equities</b>				
Consumer	85,069	7	127,325	8
Manufacturing	23,963	2	42,972	3
Energy and Utilities	29,954	3	27,057	2
Financial Institutions	116,220	9	141,649	9
Health and Care	55,115	5	84,353	5
Information Technology	89,861	7	146,424	9
Investment Funds Unit Trusts	279,168	23	385,157	24
Others	128,202	11	190,987	12
	<b>807,552</b>	<b>67</b>	<b>1,145,924</b>	<b>72</b>
<b>Gilts</b>				
Government Bonds	16,944	1	63,281	4
	<b>16,944</b>	<b>1</b>	<b>63,281</b>	<b>4</b>
<b>Other Bonds</b>				
Corporate Bonds (Investment Grade)	168,691	13	163,067	10
Investment Funds Unit Trusts	34,731	3	30,996	2
Others	12,404	1	14,824	1
	<b>215,826</b>	<b>17</b>	<b>208,887</b>	<b>13</b>
<b>Property</b>				
UK Property	148,932	12	146,271	9
Overseas Property	1,306	-	-	-
	<b>150,238</b>	<b>12</b>	<b>146,271</b>	<b>9</b>
<b>Cash</b>				
Cash and Cash Equivalents	32,000	3	32,863	2
Foreign Exchange	(1,103)	-	3,130	-
	<b>30,897</b>	<b>3</b>	<b>35,993</b>	<b>2</b>
<b>Totals</b>	<b>1,221,457</b>	<b>100</b>	<b>1,600,356</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 2020			31 March 2021		
	Quoted %	Unquoted %	Total %	Quoted %	Unquoted %	Total %
Equities	43	23	66	47	25	72
Gilts	1	-	1	4	-	4
Other Bonds	15	3	18	11	2	13
Property	12	-	12	9	-	9
Cash etc	3	-	3	2	-	2
<b>Total</b>	<b>74</b>	<b>26</b>	<b>100</b>	<b>73</b>	<b>27</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 2020	31 March 2021
Life expectancy (years) from age 65 for current pensioners i.e. those retiring today:		
Men	19.7	18.9
Women	21.7	22.2
Life expectancy (years) from age 65 for future pensioners i.e. those retiring in 20 years time:		
Men	21.4	20.2
Women	23.5	23.8
Rate of inflation (RPI)	2.7%	3.25%
Rate of inflation (CPI)	1.9%	2.85%
Rate of increase in salaries	2.9%	3.85%
Rate of increase in pensions	1.9%	2.85%
Rate for discounting scheme liabilities	2.35%	2.00%
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:

	Increase in Assumption £000	Decrease in Assumption £000
Life expectancy (increase or decrease by 1 year)	91,338	(86,501)
Rate of increase in salaries (increase or decrease by 0.1%)	4,639	(4,607)
Rate of increase in pensions (increase or decrease by 0.1%)	26,383	(25,900)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(30,729)	31,313

### **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 2022 are £21.839m. The weighted average duration of the defined benefit obligation for scheme members is 18 years (2019/2020: 20 years)

Expected contributions for the Discretionary Benefit Scheme in the year to 31 March 2022 are £2.766m.

### **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**

The Council continues to respond as necessary to the prevailing position around the Covid-19 epidemic. It is considered that there have been no events occurring between 1 April 2021 and 17 November 2021 that would require adjustments to the 2020/2021 Annual Accounts (ie no adjusting events). The latter date is the date on which the audited accounts were authorised for issue by the Executive Director of Corporate Services. The levels of bad debt provisions at the balance sheet date do, however, take on board the likely economic impact of the Covid-19 epidemic.

## 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 49). 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 [www.dundecity.gov.uk](http://www.dundecity.gov.uk).

### 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 49). 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 2019/2020		As at 31 March 2020			During 2020/2021		As at 31 March 2021	
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	9	-	3,052	Tayside Pension Fund	1,157	-	-	2,555

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Notes to the Core Financial Statements

### 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 2019/2020		As at 31 March 2020			During 2020/2021		As at 31 March 2021	
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
58	-	1,457	-	Broughty Ferry NHT 2011 LLP	4	-	-	-
-	438	88	-	Design Dundee Ltd	-	263	-	-
-	11,961	-	-	Discovery Education PLC	-	12,250	-	-
200	806	144	-	Dovetail Enterprises (1993) Ltd	19	694	153	7
10	212	94	41	Dundee Contemporary Arts Ltd	15	275	2	13
109,436	83,575	5,077	1,302	Dundee Health & Social Care Integration Joint Board	115,497	84,385	-	8,621
-	-	-	-	Dundee Museums Foundation	-	40	-	-
39	2,631	300	-	Hub East Central (Baldragon) Ltd	36	2,657	270	-
309	8,967	574	56	Leisure and Culture Dundee	246	9,344	349	316
-	-	-	-	Studio Dundee Joint Venture Company Limited	-	-	1,133	-
38	-	224	-	Tay Cities Deal Joint Committee	378	46	444	46
201	27	-	65	Tay Road Bridge Joint Board	227	6	11	17
7	1	-	83	Tayplan (SDPA)	7	6	-	60
3,763	26,423	10,664	937	Tayside Contracts Joint Committee	4,000	26,642	11,733	2,323
62	919	89	6	Tayside Valuation Joint Board	51	952	59	6



**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 2020	31 March 2021
	£000	£000
Operational Building	22,803	21,956
Land	670	670
<b>Total</b>	<b>23,473</b>	<b>22,626</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.

Financing Arrangement Liabilities (net present value of minimum financing arrangement payments):	31 March 2020	31 March 2021
	£000	£000
Current	330	341
Non-Current	1,434	1,480
Finance Costs payable in future years	21,778	21,391
<b>Total Minimum Financing Arrangement Payments</b>	<b>23,542</b>	<b>23,212</b>

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

	Minimum Financing Arrangement Payments		Financing Arrangement Liabilities	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000
Not later than one year	725	731	395	390
Later than one year and not later than five years	2,956	2,979	1,523	1,499
Later than five years	29,179	28,426	7,400	7,035
	<b>32,860</b>	<b>32,136</b>	<b>9,318</b>	<b>8,924</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 2021 the minimum payments expected to be received under non-cancellable sub-leases was £0.247m (£0.267m at 31 March 2020).

*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 2020	31 March 2021
	£000	£000
Not later than one year	224	237
Later than one year and not later than five years	360	386
	<b>584</b>	<b>623</b>

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:

	2019/2020	2020/2021
	£000	£000
Minimum lease payments	605	664
Less Employers Contributions	(91)	(88)
	<b>514</b>	<b>576</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 2020/2021.

##### *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:

	2019/2020	2020/2021
	£000	£000
Not later than one year	5,791	6,342
Later than one year and not later than five years	13,905	16,493
Later than five years	81,123	100,010
	<b>100,819</b>	<b>122,845</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:

	2019/2020	2020/2021
	£000	£000
Rental income from investment property	274	944
Direct operating expenses arising from investment property	(26)	(27)
<b>Net gain/(loss)</b>	<b>248</b>	<b>917</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:

	2019/2020 £000	2020/2021 £000
Balance at start of the year	20,370	15,232
Disposals	(3,199)	-
Net gains/(losses) from fair value adjustments	-	(1,500)
Transfers:		
- (to)/from Property, Plant and Equipment	(1,939)	-
<b>Balance at end of the year</b>	<b>15,232</b>	<b>13,732</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 2021 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 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>

### 2020 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 2020 £000
Recurring Fair Value measurements				
Assets held for Capital Appreciation	-	7,747	-	7,747
Office Units	-	135	-	135
Commercial Units	-	7,350	-	7,350
<b>Total</b>	<b>-</b>	<b>15,232</b>	<b>-</b>	<b>15,232</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.

	2019/2020	2020/2021
	£000	£000
<b>Opening Gross Book Value</b>	1,658	1,658
Additions	-	1,792
<b>Closing Gross Book Value</b>	<b>1,658</b>	<b>3,450</b>
<b>Opening Accumulated Amortisation</b>	678	946
Amortisation Charge for the Year	268	332
<b>Closing Accumulated Amortisation</b>	<b>946</b>	<b>1,278</b>
<b>Closing Net Book Value</b>	<b>712</b>	<b>2,172</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 2020/2021 totalled £13.706m (2019/2020 £38.443m).

Of this total, £10.962m (2019/2020 £27.667m) relates to expenditure in the year which did not add value to assets. £5.808m (2019/2020 £18.647m) relates to expenditure on Council Houses, £0.550m (2019/2020 £1.741m) relates to expenditure on schools and the remaining £4.604m (2019/2020 £7.279m) relates to expenditure on other Council land & buildings.

The remaining £2.744m (2019/2020 £10.776m) 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.

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Notes to the Core Financial Statements

### 27 Property, Plant and Equipment

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>
<b>At 31 March 2020</b>	<b>521,198</b>	<b>798,481</b>	<b>17,322</b>	<b>172,834</b>	<b>6,493</b>	<b>7,349</b>	<b>89,378</b>	<b>1,613,055</b>	<b>105,926</b>	<b>24,662</b>	<b>50,047</b>

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Notes to the Core Financial Statements

Comparative Movements in 2019/2020:

	Council Dwellings £000	Other Land and 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 2019	540,604	814,140	103,784	273,184	6,493	3,850	88,590	1,830,645	113,100	26,080	26,955
Additions	18,647	11,833	3,645	16,154	-	205	46,345	96,829	7	386	23,092
Revaluation inc/(dec) recognised in the Revaluation Reserve	-	(1,824)	-	-	-	162	-	(1,662)	-	-	-
Revaluation inc/(dec) recognised in the Surplus / Deficit on the Provision of Services	(18,647)	(24,015)	-	(563)	-	(68)	-	(43,293)	(7)	(386)	-
Disposals	(550)	-	(760)	-	-	-	-	(1,310)	-	-	-
Reclassification of assets (To)/from Assets Held for Sale	-	45,557	-	-	-	-	(45,557)	-	-	-	-
(To)/from Investment Properties	-	(5,512)	-	-	-	1,261	-	(4,251)	-	-	-
	-	-	-	-	-	1,939	-	1,939	-	-	-
<b>At 31 March 2020</b>	<b>540,054</b>	<b>840,179</b>	<b>106,669</b>	<b>288,775</b>	<b>6,493</b>	<b>7,349</b>	<b>89,378</b>	<b>1,878,897</b>	<b>113,100</b>	<b>26,080</b>	<b>50,047</b>
<b>Accumulated Depreciation and Impairment</b>											
At 1 April 2019	-	(26,854)	(86,212)	(106,394)	-	-	-	(219,460)	(3,587)	(709)	-
Depreciation charge	(18,869)	(26,319)	(3,828)	(9,547)	-	-	-	(58,563)	(3,587)	(709)	-
Depreciation written out to the Revaluation Reserve	-	6,626	-	-	-	-	-	6,626	-	-	-
Depreciation written out to the Surplus/ Deficit on the Provision of Services	-	4,849	-	-	-	-	-	4,849	-	-	-
Disposals	13	-	693	-	-	-	-	706	-	-	-
<b>At 31 March 2020</b>	<b>(18,856)</b>	<b>(41,698)</b>	<b>(89,347)</b>	<b>(115,941)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(265,842)</b>	<b>(7,174)</b>	<b>(1,418)</b>	<b>-</b>
<b>Net Book Value</b>											
<b>At 31 March 2020</b>	<b>521,198</b>	<b>798,481</b>	<b>17,322</b>	<b>172,834</b>	<b>6,493</b>	<b>7,349</b>	<b>89,378</b>	<b>1,613,055</b>	<b>105,926</b>	<b>24,662</b>	<b>50,047</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 2021, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/2022 and future years budgeted to cost £32m. Similar commitments at 31 March 2020 were £40m. The major commitments are:

- Coastal Protection, Broughty Ferry - £6.6m
- Nursery at Caird Avenue - £1.8m
- Waterfront Place - Interactive Park - £1.7m
- Fire and Smoke Detection Systems in Council Housing - £1.3m
- Purchase of zero emission vehicles - £1.2m

This gross expenditure of £32m will be funded from a combination of Council Borrowing, Grants and Contributions.

*Effects of Changes in Estimates*

In 2020/2021, 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 2020/2021 revaluations is 31 March 2021.

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	-	-	3,821	-	3,821
Valued at fair value as at:					
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>53,152</b>	<b>3,821</b>	<b>1,762</b>	<b>142,699</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.

	2019/2020 £000	2020/2021 £000
<b>Opening Capital Financing Requirement</b>	714,466	749,873
<i>Capital investment</i>		
Property, Plant and Equipment	73,738	44,570
Intangible Assets	-	1,792
Revenue Expenditure Funded from Capital under Statute	-	491
Financing Arrangement (Dundee House)	23,800	-
Service Concession Arrangement (Waste Project)	23,092	2,922
<i>Sources of finance:</i>		
Capital receipts	(2,704)	(2,893)
Government grants and other contributions	(30,950)	(22,086)
Transfer from Capital Grants & Receipts Unapplied Account	(1,096)	(446)
Sums set aside from revenue:		
• Direct revenue contributions	(3,020)	(1,888)
• Loans fund principal	(23,653)	(23,577)
Other Capital Income - Sale of Dundee House	(23,800)	-
<b>Closing Capital Financing Requirement</b>	<b>749,873</b>	<b>748,758</b>
<i>Explanation of movements in year</i>		
Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(4,865)	3,156
Assets acquired under PFI/PPP contracts	(1,895)	(2,112)
Assets acquired under DBFM contract	(909)	(935)
Assets acquired under Service Concession Arrangement	19,534	(894)
Assets acquired under Financing Arrangement	23,542	(330)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>35,407</b>	<b>(1,115)</b>



**29 Private Finance Initiatives and Similar Contracts****i) Education Services PFI Scheme**

2020/21 was the thirteenth 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 Council 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 2021 (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 2021/22	3,445	2,383	5,348	1,560	12,736
Payable within 2-5 years	14,664	11,363	22,590	5,592	54,209
Payable within 6 - 10 years	20,489	17,155	29,413	8,685	75,742
Payable within 11 - 15 years	23,181	21,369	31,324	9,821	85,695
Payable within 16 - 20 years	10,296	11,691	14,699	1,381	38,067
<b>TOTAL</b>	<b>72,075</b>	<b>63,961</b>	<b>103,374</b>	<b>27,039</b>	<b>266,449</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 :-

	2019/2020 £000	2020/2021 £000
<b>Balance at the start of the year</b>	<b>67,969</b>	<b>66,074</b>
Payments during the year	(1,895)	(2,112)
<b>Balance at year-end</b>	<b>66,074</b>	<b>63,962</b>

**ii) Baldragon DBFM Project**

2020/21 was the fourth year of a 25 year DBFM contract with Hub East Central (Baldragon) Ltd to design, construct, maintain and facilities-manage a new secondary school in the city. Dundee City Council took occupation of the new school on 11<sup>th</sup> December 2018. 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 school and maintain it in a minimum acceptable condition and provide a facilities management service. At the end of the contract the school will be transferred back to the Council 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 2021 (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 2021/22	291	938	1,237	193	2,659
Payable within 2-5 years	1,238	3,843	4,577	1,130	10,788
Payable within 6 - 10 years	1,728	5,530	4,811	1,789	13,858
Payable within 11 - 15 years	1,956	6,350	3,628	2,390	14,324
Payable within 16 - 20 years	2,212	7,908	2,230	2,501	14,851
Payable within 21 - 25 Years	818	1,382	271	2,866	5,337
<b>TOTAL</b>	<b>8,243</b>	<b>25,951</b>	<b>16,754</b>	<b>10,869</b>	<b>61,817</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 :-

	2019/2020 £000	2020/2021 £000
<b>Balance at the start of the year</b>	<b>27,795</b>	<b>26,886</b>
Payments during the year	(909)	(935)
<b>Balance at year-end</b>	<b>26,886</b>	<b>25,951</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 existing DERL plant is now being utilised by MEB to deliver the contractual requirements during a three and a half year interim service period, whilst a new plant is constructed on an adjacent site. The new plant will be constructed and maintained by MEB. Construction of the new plant was delayed during the Covid-19 pandemic but is now almost complete. Upon completion, the full service period of the contract will commence and run for 25 years. 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 asset under construction. The Council's assets at the DERL site (including land for the new plant) are being made available to MEB via a new 28 year lease.

*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 2021 (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 2021/22	3,807	888	4,942	-	9,637
Payable within 2-5 years	16,043	4,589	19,303	-	39,935
Payable within 6 - 10 years	23,573	7,525	22,172	323	53,593
Payable within 11 - 15 years	26,110	10,431	18,786	1,968	57,295
Payable within 16 - 20 years	30,554	15,174	14,347	1,960	62,035
Payable within 21 - 25 Years	32,220	21,566	7,428	473	61,687
<b>TOTAL</b>	<b>132,307</b>	<b>60,173</b>	<b>86,978</b>	<b>4,724</b>	<b>284,182</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 : -

	2019/2020 £000	2020/2021 £000
<b>Balance at the start of the year</b>	<b>24,290</b>	<b>43,824</b>
Capital expenditure incurred in the year	23,092	2,922
Payments during the year	(3,558)	(3,816)
<b>Balance at year-end</b>	<b>43,824</b>	<b>42,930</b>

**30 Assets Held for Sale**

	2019/2020 £000	2020/2021 £000
<b>Balance at start of year</b>	<b>4,403</b>	<b>8,012</b>
Assets newly classified as held for sale:		
• Property, Plant and Equipment	4,251	-
Revaluation gains/(losses)	-	147
Assets sold	(642)	(2,941)
<b>Balance at year-end</b>	<b>8,012</b>	<b>5,218</b>

### 31 Inventories

	Consumable Stores	
	2019/2020 £000	2020/2021 £000
Balance outstanding at start of year	1,241	1,194
Purchases	3,085	6,082
Recognised as an expense in the year	(3,003)	(6,201)
Other Adjustments	(129)	(27)
<b>Balance outstanding at year-end</b>	<b>1,194</b>	<b>1,048</b>

In 2020/2021, full year-end stock-takes were undertaken to provide the figures for the Balance Sheet as at 31 March 2021. In 2019/2020, due to the first lock-down restrictions imposed in response to the Covid-19 pandemic, it was not possible to undertake full year stock-takes to verify physical stock levels to the underlying systems records. Therefore, the underlying systems records were used to provide the figures for the Balance Sheet as at 31 March 2020. This did not lead to any material mis-statement of the stock values shown in the Balance Sheet. Full stock-takes were undertaken when it was safe and practical to do so.

### 32 Short Term Debtors

	31 March 2020 £000	31 March 2021 £000
Central government bodies	14,659	22,089
Other local authorities	3,965	4,180
NHS bodies	6,039	11,427
Other entities and individuals	28,257	33,877
<b>Total</b>	<b>52,920</b>	<b>71,573</b>

### 33 Short Term Creditors

	31 March 2020 £000	31 March 2021 £000
Central government bodies	17,439	20,218
Other local authorities	3,133	8,497
NHS bodies	1,433	278
Public corporations and trading funds	506	633
Other entities and individuals	46,365	55,380
<b>Total</b>	<b>68,876</b>	<b>85,006</b>

### 34 Provisions

#### Self-Insured / Uninsured Losses

	Dundee City Council £000	ex-TRC/DDC Funds £000	Construction Services £000	Total £000
<b>Balance at 1 April 2020</b>	<b>2,275</b>	<b>711</b>	<b>265</b>	<b>3,251</b>
Additional provisions made in 2020/2021	1,685	-	6	1,691
Amounts used in 2020/2021	(1,897)	(62)	(39)	(1,998)
Unused amounts reversed in 2020/2021	1,062	-	-	1,062
<b>Balance at 31 March 2021</b>	<b>3,125</b>	<b>649</b>	<b>232</b>	<b>4,006</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. A provision has also been made relating to an issue on various roof replacement projects and a flooring project.

### 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 2021, these are as follows:

- Council Tax - the allowance of £23.333m (31 March 2020: £21.298m) 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 £4.737m (31 March 2020: £4.429m) 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 £4.369m (31 March 2020: £3.879m) 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 £4.264m (31 March 2020: £3.492m) 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 £1.547m (31 March 2020: £1.685m) 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. It is anticipated that the economic impact of the Covid-19 epidemic will place severe pressure on debt recovery levels.

### 35 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 have made adjustments to accounting disclosures to reflect the effect this ruling has 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 2020.

#### 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. As this has just recently been announced, 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 2020.

#### 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 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. This will include local authorities and discussions are on-going between the Scottish Government and CoSLA in this regard. It is likely that Dundee City Council will be required to make a financial contribution to the redress scheme, however the timing and amount of any payment by the Council has still be formally agreed.

The above Contingent Liability was also disclosed at 31 March 2020.

#### 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.

**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 is 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 2021/22, and the period to at least 4 June 2022, to avoid the charity going into negative reserves. The Council will continue to seek additional funding and 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.

**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 indemnified funding of £525,000 to Robertson Capital Projects (RCP) Ltd, for design work on the project. The Heads of Terms for the Tay Cities Deal make 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. The project is currently being reviewed in light of the economic impact of the Covid-19 pandemic.

**36 Contingent Assets**

There were no Contingent Assets at 31 March 2021 (31 March 2020: nil).

**37 Grant Income**

The Council credited grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/2021. These included the following grants and contributions:

	2019/2020 £000	2020/2021 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
RSG & Non-Specific Grants	(230,227)	(297,886)
Contribution from NNDR Pool	(64,825)	(32,888)
Capital Grants	(39,264)	(22,672)
Council Tax	(54,505)	(56,379)
<b>Total</b>	<b>(388,821)</b>	<b>(409,825)</b>
	<b>2019/2020 £000</b>	<b>2020/2021 £000</b>
<b>Credited to Services:</b>		
UK Govt: Furlough Income	-	(1,603)
Various Covid 19 Grants	-	(11,229)
Scottish Cities Alliance: Data Cluster project	-	(70)
Scottish Government: Growth Accelerator Model	(1,568)	(2,040)
Scottish Government: PSO Air Service	(897)	-
Scottish Government: Smarter Choices Smarter Places	(133)	(119)
Scottish Government: Employability	(424)	(712)
ERDF Grants	(360)	(3)
Scottish Government: Air Quality Grant	(371)	(214)
NHS Tayside: The Crescent	(194)	(182)
Scottish Government: OLEV City bid	(128)	-
Various: Bus Rapid Development Fund	-	(281)
Systra Ltd - Low Emission Zone (LEZ) project	-	(93)
Various: Contribution toward Dundee to London flight	-	(1,000)
TACTRAN / SESTRAN: Active Travel Infrastructure Fund	(196)	(915)
Scottish Government: Skills Development Grant	(74)	-
Department for Transport: Go Ultra Low	(48)	-
Scottish Government: Switched on Fleets Grant	(332)	(690)
Private Sector Housing Grant	(1,210)	(992)
NHS Tayside: Community Equipment	(371)	(371)
NHS Tayside: Alcohol & Drugs Project Team	(792)	(804)
Angus Council: Contribution to Joint Equipment Service	(584)	(814)
Macmillan Cancer Care: Welfare Rights Grant	(61)	(87)
NHS Tayside: Delayed Discharge Fund	(236)	(236)
NHS Tayside: Integrated Care Fund	(2,178)	(2,440)
NHS Tayside: Social Care Integration Fund	(9,812)	(10,102)
NHS Tayside: Shared Care Homes	(1,033)	(93)
NHS Tayside: Contribution to Fund DCC Deficit	-	(1,387)
NHS Tayside: Residential Payments	-	(89)
NHS Tayside: Funding for Services undertaken by the Council	-	(229)
NHS Tayside: Integration	-	(2,781)
NHS Tayside: Drug & Alcohol Grant	(137)	(143)
Macmillan Cancer Care: Local Authority Partnership	(94)	(62)
UK Government, Home Office - Syrian Refugees	(835)	(554)
Social Work Scotland: Contribution for Project Manager	-	(81)
Scottish Government: Community Link Work Programme	(60)	(70)
Other Local Authorities: Contributions to Resident's Care Home costs	(171)	(163)
NHS Tayside: Contribution for services to Scottish Assoc for Mental	(52)	(52)
NHS Tayside: Contribution for DCIJB Operational costs	(191)	(3,749)
NHS Tayside: Contribution to Covid 19 Response	(200)	-
DHSCP: Contribution for Adult Services' costs	(386)	-
Scottish Government: Opportunities for All Grant	(208)	(187)
ESF: Activity Agreement	(73)	(64)
Big Lottery Fund: Dundee Money Action	(604)	(548)
Sports Council Contribution to Sports Co-ordinators	(125)	(325)
Arts Council: Youth Music	(86)	(132)



Scottish Government: Attainment Challenge - Primary	(3,860)	(4,545)
Scottish Government: Attainment Challenge - Secondary	(1,633)	(1,256)
Scottish Government: Pupil Equity Fund	(4,975)	(4,280)
Scottish Government: Early Learning Childcare (ELC) Delivery Model Grant	(5,469)	(14,564)
Scottish Govt: Digital Inclusion Grant	-	(112)
Scottish Government: ELC Additional Graduate Commitment	(235)	-
Scottish Futures Trust: Share of Service Cost element for Baldrigon Academy	(277)	(295)
Scottish Government: Care Experienced Children & Young People funding	(250)	(348)
UK Home Office: Refugee Social Care costs	-	(411)
Angus Council: Contribution to Out of Hours Service	(178)	(182)
Criminal Justice Grant	(4,771)	(4,719)
Other Local Authorities: Contribution to Tay Project	(193)	(198)
Scottish Government: WRAP Major Service Change Support Grant	(2)	-
Improvement Service: National Entitlement Card	(1,350)	(763)
DWP: Rent Allowances/Rebate Subsidies (prev Housing Benefit Subsidy)	(52,681)	(52,396)
DWP: Housing Benefit / Council Tax Benefit Administration	(928)	(913)
UK Government, Cabinet Office: Individual Electoral Registration Funding	(80)	(11)
Scottish Govt: Various Grants for changes to Election Management	-	(88)
Angus Council: Contribution for Tayside Scientific Services	(66)	(16)
Other Local Authorities: Contribution to Tayside Procurement Consortium	(145)	(170)
<b>Total</b>	<b>(101,317)</b>	<b>(130,973)</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:

	31 March 2020	31 March 2021
	£000	£000
<b>Capital Grants Receipts in Advance:</b>		
Section 75 Contributions	(998)	(1,444)
Scottish Government: Low Carbon Transport - JIVE	(3,506)	(3,506)
Cycling Scotland - Cycling Friendly Employer Development fund	(7)	(8)
<b>Total</b>	<b>(4,511)</b>	<b>(4,958)</b>

	31 March 2020	31 March 2021
	£000	£000
<b>Revenue Grants Receipts in Advance:</b>		
Improvement Service: National Entitlement Card	(174)	(1,062)
Other Local Authorities: Regional Destination Development Fund	(36)	(21)
Scottish Government: Scottish Cities Alliance: Data Cluster project	(80)	(5)
Scottish Government: Scottish Futures Trust: 5G Testbed	(50)	(32)
Scottish Government: Scottish Futures Trust: NDEE Project	-	(56)
Scottish Govt/EU: Employability / PESF	-	(1,457)
Scottish Govt: Spaces for People	-	(56)
Scottish Government: Pupil Equity Fund	(1,766)	(2,555)
Scottish Government: ELC Delivery Model Grant	(3,206)	(3,175)
Scottish Government: Attainment Challenge	(98)	(77)
Scottish Government: English Speakers of Other Languages Funding	(38)	(1)
British Council: Erasmus + Pan Tayside Language Training Programme	-	(242)
UK Government, Home Office: Refugees	(478)	(516)
Scottish Govt: Air Quality Grant	-	(50)
Big Lottery Fund: Delivering Intensive Support Services	(63)	-
Scottish Govt: No One Left Behind	-	(132)
Big Lottery Fund: Dundee Money Action	-	(506)
Scottish Govt: Covid 19 Front-Line Payment	-	(57)
Scottish Govt: Home Energy Efficiency Programmes	-	(218)
Other Miscellaneous Grants	(278)	(319)
<b>Total</b>	<b>(6,267)</b>	<b>(10,537)</b>

**38 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 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
<b>Investments</b>				
Equity Instruments Designated at Fair Value Through Other Comprehensive Income & Expenditure	-	-	3,761	3,899
Unquoted equity investment at cost	29	29	-	-
<b>Total investments</b>	<b>29</b>	<b>29</b>	<b>3,761</b>	<b>3,899</b>
<b>Debtors</b>				
Loans and receivables:				
Cash and Bank	-	-	140	302
Other Short Term Deposits	-	-	23,010	9,100
Soft Loans	94	94	-	-
Other Loans at Market Rates	13,087	13,266	-	-
Financial assets carried at contract amounts:				
Sundry Debtors including trade receivables	-	-	52,920	73,578
<b>Total Debtors</b>	<b>13,181</b>	<b>13,360</b>	<b>76,070</b>	<b>82,980</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost:				
Borrowing Repayable:				
Public Works Loan Board	(455,440)	(450,855)	(17,503)	(13,822)
Lender Option/Borrower Option	(41,505)	(41,492)	(411)	(412)
Other	-	-	(78,012)	(35,454)
Temporary Advances from Other Accounts	-	-	(1,484)	(1,494)
Bank Overdraft	-	-	(1,281)	(11,871)
<b>Total borrowings</b>	<b>(496,945)</b>	<b>(492,347)</b>	<b>(98,691)</b>	<b>(63,053)</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount:				
Sundry creditors including trade payables	-	-	(68,876)	(87,011)
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>(68,876)</b>	<b>(87,011)</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:

2019/2020 £000		Financial	2020/2021	Financial	2020/2021
		Liabilities	Financial	Assets	Total
		Liabilities measured at amortised cost £000	Assets Loans and receivables £000	Assets Investments £000	£000
28,211	Interest Expense	27,665	-	-	27,665
<b>28,211</b>	<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>27,665</b>	<b>-</b>	<b>-</b>	<b>27,665</b>
(828)	Interest Income	-	(485)	(144)	(629)
<b>(828)</b>	<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(485)</b>	<b>(144)</b>	<b>(629)</b>
276	(Gains) or Losses on revaluation (Gains) or Losses in Other	-	-	(357)	(357)
<b>276</b>	<b>Comprehensive Income &amp; Expenditure</b>	<b>-</b>	<b>-</b>	<b>(357)</b>	<b>(357)</b>
<b>27,659</b>	<b>Net (gain)/loss for the year</b>	<b>27,665</b>	<b>(485)</b>	<b>(501)</b>	<b>26,679</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 2020 of 1.61% to 14.00% for loans from the PWLB and 0.72% 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:

	Note	31 March 2020		31 March 2021			Carrying Amount £000	Fair Value £000
		Carrying Amount £000	Fair Value £000	Principal Amount Outstanding £000	LOBO Accounting Adjustment £000	Add Accrued Interest £000		
Financial liabilities:								
Borrowing Repayable:								
Public Works Loan Board	i	(472,942)	(605,082)	(460,440)	-	(4,297)	(464,737)	(638,149)
Lender Option/ Borrower Option	i	(41,916)	(59,699)	(40,000)	(1,492)	(412)	(41,904)	(63,832)
Other	i	(78,012)	(78,012)	(35,401)	-	(53)	(35,454)	(35,468)
Temporary Advances from Other Accounts	ii	(1,484)	(1,484)	(1,494)	-	-	(1,494)	(1,494)
Bank Overdraft	iii	(1,281)	(1,281)	(11,871)	-	-	(11,871)	(11,871)

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 2021, 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 2020		31 March 2021	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Loans and receivables:</b>					
Cash and Bank	i	140	140	302	302
Other Short term Deposits	i	23,010	23,010	9,100	9,100
<b>Short-term debtors:</b>					
Soft Loans	ii	-	-	-	-
<b>Long-term debtors:</b>					
Other Loans at Market rates	iii	13,181	13,181	13,360	13,360

#### 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.

### 39 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.

#### **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)
- OECs - 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 2021 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 2021 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2021 %	Estimated maximum exposure to default and uncollectability at 31 March 2021 £000	Estimated maximum exposure at 31 March 2020 £000
	A	B	C	(A x C)	
Financial Institutions (F1)	9,100	-	-	-	-
				-	-

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 2020 £000	31 March 2021 £000
Less than one year	90,825	44,986
Between one and two years	9,585	7,008
Between two and five years	27,025	30,028
Between five and ten years	30,060	25,050
More than ten years	428,770	428,769
	<b>586,265</b>	<b>535,841</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 2021, 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	354
Increase in interest receivable on variable rate investments	Nil
Impact on Surplus or Deficit on the Provision of Services	354
Share of overall impact debited to the HRA	114
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)	<b>115,001</b>

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.



**40 Charities Account (Registered Charities)**

During 2020/2021, 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.

2019/2020 £000	Receipts and Payments Account		2020/2021		(Surplus)/ Deficit £000
	Interest on Investments £000	Rental Income £000	Total Receipts £000	Payments £000	
- Belmont Estate	(1)	(8)	(9)	9	-
- Camperdown Estate	-	-	-	-	-
- William Dawson Trust	-	-	-	-	-
(12) Hospital Fund	(5)	(41)	(46)	32	(14)
- The Dundee Trust	-	-	-	-	-
<b>(12) Total</b>	<b>(6)</b>	<b>(49)</b>	<b>(55)</b>	<b>41</b>	<b>(14)</b>

2020 £000	Statement of Balances as at 31 March	2021 £000
- Opening Cash Balance		-
(12) (Surplus) / Deficit for the Year		(14)
12 Transfer to / (from) DCC Loans Fund		14
- <b>Closing Cash Balance</b>		<b>-</b>

Investments		
913	Funds Deposited with DCC Loans Fund	927
2,027	Investment Properties	2,027
<b>2,940</b>		<b>2,954</b>

Tangible Fixed Assets		
394	Dwellings	236
1,983	Operational Land and Buildings	2,133
395	Community Assets	403
58	Infrastructure	58
<b>2,830</b>		<b>2,830</b>

Liabilities		
8	Rental Income Prepaid by Tenants	8

Analysis of Fund Balances		
907	Capital Account	921
6	Surplus Income	6
<b>913</b>		<b>927</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 2021 was £0.185m (31 March 2020 £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 2021 was £0.003m (31 March 2020 £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 2021 was £0.006m (31 March 2020 £0.006m).

**Hospital Fund**

This Fund was established under the Dundee Churches and Hospital Act 1964, 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 2021 was £0.733m (31 March 2020 £0.719m).

**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 2021 was £ nil (31 March 2020 £ nil).

**CHARITIES REGISTERED WITH OFFICE OF THE SCOTTISH CHARITY AND 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)

**41 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.

		<b>Income &amp; Expenditure Account</b>		<b>2020/2021</b>		
<b>2019/2020</b>		<b>Interest on</b>	<b>Other</b>	<b>Total</b>		<b>(Surplus)/</b>
<b>Actual</b>		<b>Investments</b>	<b>Income</b>	<b>Income</b>	<b>Expenditure</b>	<b>Deficit</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(280)	Fleming Trust	(8)	(363)	(371)	80	(291)
(4)	Other Charities (4 in total)	(3)		(3)	-	(3)
<b>(284)</b>	<b>Total</b>	<b>(11)</b>	<b>(363)</b>	<b>(374)</b>	<b>80</b>	<b>(294)</b>
<b>2020</b>				<b>2021</b>		
<b>£000</b>	<b>Balance Sheet as at 31 March</b>			<b>£000</b>		
6,463	<b>Tangible Fixed Assets</b>			6,463		
6,463				6,463		
	<b>Current Assets</b>					
46	Sundry Debtors			48		
1,610	Short Term			1,613		
521	Bank			791		
2,177				2,452		
	<b>Less Current Liabilities</b>					
(83)	Sundry Creditors			(64)		
(83)				(64)		
2,094	<b>Net Current Assets</b>			2,388		
8,557	<b>Total Assets Plus Net Current Assets</b>			8,851		
<b>8,557</b>	<b>Net Assets</b>			<b>8,851</b>		
	<b>Financed By Fund Balances and Reserves</b>					
	Not Available for Use:					
6,463	Revaluation			6,463		
6,463				6,463		
	Available for Use:					
2,094	Fund Balances			2,388		
<b>8,557</b>				<b>8,851</b>		

**FLEMING TRUST**

Included in the expenditure shown above, the Fleming Trust incurred capital expenditure of £Nil financed from revenue in 2020/2021 (2019/2020 £10,467). No capital receipts were received in 2020/2021 (2019/2020 £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 £8.346m (31 March 2020 £8.055m).

## ANALYSIS OF CHARITIES ACCOUNT BALANCE SHEET

	Balance Sheet at 31 March 2020 £000	Gross Income £000	Gross Expenditure £000	Capital Expenditure/ Receipts & Transfers £000	Balance Sheet at 31 March 2021 £000
<b>Fleming Trust</b>					
Fixed Assets	6,463	-	-	-	6,463
Current Assets	1,675	371	(99)	-	1,947
Current Liabilities	(83)	-	19	-	(64)
<b>Net Assets</b>	<b>8,055</b>	<b>371</b>	<b>(80)</b>	<b>-</b>	<b>8,346</b>
Revaluation Reserve	6,463	-	-	-	6,463
Fund Balance	1,592	371	(80)	-	1,883
	<b>8,055</b>	<b>371</b>	<b>(80)</b>	<b>-</b>	<b>8,346</b>
<b>Others</b>					
Current Assets	502	3	-	-	505
<b>Net Assets</b>	<b>502</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>505</b>
Fund Balance	502	3	-	-	505
	<b>502</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Total</b>					
Fixed Assets	6,463	-	-	-	6,463
Current Assets	2,177	374	(99)	-	2,452
Current Liabilities	(83)	-	19	-	(64)
<b>Net Assets</b>	<b>8,557</b>	<b>374</b>	<b>(80)</b>	<b>-</b>	<b>8,851</b>
Revaluation Reserve	6,463	-	-	-	6,463
Fund Balance	2,094	374	(80)	-	2,388
	<b>8,557</b>	<b>374</b>	<b>(80)</b>	<b>-</b>	<b>8,851</b>

**42 Heritage Assets**

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

	Museum & Art Gallery		Other Heritage Assets	Total Assets
	Collections			
	£000	£000	£000	£000
1 April 2020	7,248		1,134	8,382
Additions	-		-	-
<b>31 March 2021</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 2020/2021 - £Nil (2019/2020 - £Nil)

There were no disposals in 2020/2021 (2019/2020 - none)

## 43 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 18<sup>th</sup> 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 19<sup>th</sup> and 20<sup>th</sup> 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:

[www.mcmanus.co.uk](http://www.mcmanus.co.uk)

**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 at:

<http://www.leisureandculturedundee.com/localhistory>

**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 at:

<http://www.dundee.gov.uk/reports/reports/462-2013.pdf>

**44 Other Long Term Liabilities**

	31 March 2020	31 March 2021
	£000	£000
PPP Schools Liability	63,962	61,579
DBFM School Liability (Baldrigon)	25,650	25,013
Service Concession Arrangement Liability (Waste Project)	40,008	42,042
Financing Arrangement (Dundee House)	23,542	22,871
Burial Grounds Perpetuity Fund	311	93
<b>Total</b>	<b>153,473</b>	<b>151,598</b>

**45 Long Term Debtors**

	31 March 2020	31 March 2021
	£000	£000
Advances to Tayside Contracts for Capital Expenditure	8,445	9,419
Loans to Other Organisations	1,970	1,609
Housing Loans / Mortgages	2,766	2,332
<b>Total</b>	<b>13,181</b>	<b>13,360</b>

**46. 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

	2020/2021			
	Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	Internal Recharging Adj £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>

	2019/2020			
	Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	Internal Recharging Adj £000
Children & Families Services	189,858	(25,960)	163,898	-
Budgets Delegated to Dundee Health & Social Care Partnership	205,780	(122,641)	83,139	-
City Development	103,604	(32,997)	70,607	13,948
Neighbourhood Services	45,370	(14,790)	30,580	6,659
Chief Executive	13,144	(1,420)	11,724	-
Corporate Services	95,098	(61,088)	34,010	1,324
DCS Construction	30,050	(32,450)	(2,400)	15,391
Housing Revenue Account	73,471	(54,670)	18,801	904
Discretionary NDR Relief	349	-	349	-
Tayside Valuation Joint Board	912	-	912	-
Miscellaneous Items	3,211	(1,812)	1,399	1,120
<b>Cost Of Services</b>	<b>760,847</b>	<b>(347,828)</b>	<b>413,019</b>	<b>39,346</b>

#### 47 Revenue from Contracts with Service Recipients

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

2019/2020 £000		2020/2021 £000
Revenue from contracts with service recipients:		
50,153	Housing Rents	51,222
2,888	Sheltered Housing Charge	2,868
718	Temporary Accommodation Properties	2,763
5,119	Residential Care	5,243
1,123	Non Residential Care	1,295
1,410	School Meals	321
627	Social Care Meals	653
3,738	Off Street Parking	812
1,514	On Street Parking	805
716	Building Warrants	673
679	Planning Applications	435
899	Trade Waste	655
444	Special Collections	442
60	Garden Waste Collections	835
582	Licensing	495
639	Burial Ground Charges	630
1,778	Miscellaneous	1,622
<b>73,087</b>	<b>Total Included in Comprehensive Income and Expenditure</b>	<b>71,769</b>

Amounts included in the Balance Sheet for contracts with service recipients:

<u>31 March 2020</u> £000		<u>31 March 2021</u> £000
-	Contract Assets	-
5	Contract Liabilities	152
<b>5</b>	<b>Total Included in Net Assets</b>	<b>152</b>

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

<u>31 March 2020</u>			<u>31 March 2021</u>	
Contract Assets £000	Contract Liabilities £000		Contract Assets £000	Contract Liabilities £000
(3)	79	Contract assets and liabilities at the beginning of the year	-	5
(3)	79	Transfers from contract assets (liabilities) recognised at the beginning of the period to receivables (payables)	-	5
-	-	Increases (decreases) due to cash received (paid)	-	152
3	(74)	Changes as a result of changes in the measure of progress	-	(5)
-	<b>5</b>	<b>Contract assets and liabilities at the end of the year</b>	-	<b>152</b>



The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

31 March 2020		31 March 2021	
Contract Assets £000	Contract Liabilities £000	Contract Assets £000	Contract Liabilities £000
-	3 Not later than one year	-	77
-	2 Later than one year	-	75
-	<b>5 Amounts of transaction price, partially or fully unsatisfied</b>	-	<b>152</b>

#### 48 Capital Grants & Receipts Unapplied Account

	31 March 2020 £000	31 March 2021 £000
Capital Grants	8,857	1,464
Future Transformation Projects	2,892	3,529
<b>Total</b>	<b>11,749</b>	<b>4,993</b>

#### 49 Debtors for Local Taxation

	31 March 2020 £000	31 March 2021 £000
Up to One Year:		
Council Tax	1,447	1,974
NDRI	837	127
<b>Total</b>	<b>2,284</b>	<b>2,101</b>

#### Over One Year:

Council Tax	3,291	2,276
NDRI	1,839	3,429
<b>Total</b>	<b>5,130</b>	<b>5,705</b>

#### Total

Council Tax	4,738	4,250
NDRI	2,676	3,556
<b>Total</b>	<b>7,414</b>	<b>7,806</b>

**50 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 2020/2021, seven projects Full Business Cases were approved and 2 programme Business Cases 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. The Joint Committee also approved two Programme Outline Business cases.

During 2020/2021, £18.711m drawdown of government grant had been made successfully. This included £3.874m of accelerated funding, over what was agreed at the Deal signing. At 31 March 2021, Grant due from Scottish Government was £7.144m and Grant payments due to projects were £7.144m. In addition, a transfer of land from the Scottish Government to The James Hutton Institute was completed in 2020/21, with a value of £3.648m.

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	Funded	Funded	2020/21	2020/21	2020/21	Grant claims	Grant pymts
	Award	By SG	By UKG	Approved	Grant	Grant Paid	Outstanding	Outstanding
	£000	£000	£000	Allocation	Claimed	during year	as at 31 March	as at 31 March
				£000	£000	£000	£000	£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	-	-	-	-	-	-
Advanced Manufacturing	8,000	8,000	-	-	-	-	-	-
Advanced Plant Growth Centre	27,000	7,000	20,000	1,090	1,090	-	1,090	1,090
International Barley Hub	35,000	10,000	25,000	3,958	310	-	310	310
Angus Fund	26,500	-	26,500	-	-	-	-	-
CyberQuarter	11,700	6,000	5,700	-	-	-	-	-
Eden Campus	26,500	2,000	24,500	12,560	12,583	10,746	1,837	1,837
Just Tech	15,000	-	15,000	-	-	-	-	-
Growing the Tay Cities BioMedical Cluster	25,000	25,000	-	508	508	-	508	508
Perth City Hall	10,000	-	10,000	2,737	2,737	-	2,737	2,737
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	-	1,206	1,183	821	362	362
Studio Dundee	3,000	3,000	-	-	-	-	-	-
Aviation Academy for Scotland	8,100	-	8,100	-	-	-	-	-
Rural Broadband	2,000	-	2,000	-	-	-	-	-

## ALL CORE FINANCIAL STATEMENTS & THEIR NOTES | Notes to the Core Financial Statements

Project (continued)	Grant Award £000	Funded By SG £000	Funded By UKG £000	2020/21 Approved Allocation £000	2020/21 Grant Claimed £000	2020/21 Grant Paid during year £000	Grant claims Outstanding as at 31 March £000	Grant pymts Outstanding as at 31 March £000
5G Testbeds	2,000	2,000	-	-	-	-	-	-
Tay Cities Engineering Partnership	1,401	1,401	-	-	-	-	-	-
Innerpefferay Library	100	-	100	-	-	-	-	-
Aerospace Kinross	1,600	-	1,600	-	-	-	-	-
Crieff International Highland Centre	1,000	-	1,000	-	-	-	-	-
Stretch Dome Simulator	300	-	300	-	-	-	-	-
<b>Total Capital Grant</b>	<b>278,801</b>	<b>128,801</b>	<b>150,000</b>	<b>22,059</b>	<b>18,411</b>	<b>11,567</b>	<b>6,844</b>	<b>6,844</b>
Regional Skills Programme	20,000	20,000	-	-	-	-	-	-
Tay Cities Engineering Partnership	599	599	-	-	-	-	-	-
Dundee Airport Investment	600	600	-	300	300	-	300	300
<b>Total Revenue Grant</b>	<b>21,199</b>	<b>21,199</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>300</b>	<b>300</b>
<b>TOTAL</b>	<b>300,000</b>	<b>150,000</b>	<b>150,000</b>	<b>22,359</b>	<b>18,711</b>	<b>11,567</b>	<b>7,144</b>	<b>7,144</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:

	2019/2020 £000	2020/2021 £000
Expenditure	169	311
Income	(320)	(332)
<b>Net Expenditure</b>	<b>(151)</b>	<b>(21)</b>

The PMO is funded from partner local authorities, Higher and Further Education and Research partners. A combined underspend of £172,000 was carried forward to 2021/22.

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

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

	Expenditure £000	(Income) £000	Net Expenditure/ (Income) £000
<b><u>Children and Families:</u></b>			
Free school meal payments	2,929	(957)	1,972
Additional NQT teachers (including supply cover) and support staff	1,606	(1,563)	43
Personal protective equipment / additional cleaning	1,104	-	1,104
Children services (LAC placements/additional staff/transfer)	1,626	(651)	975
Key worker costs (nursery placements)	421	-	421
Other costs	301	(149)	152
Lost income from school meals	656	-	656
<b><u>City Development:</u></b>			
Property costs including costs associated with bringing all lock down properties back into operation	629	-	629
Standby / retainer payments – Tayside Contracts	1,452	-	1,452
Standby / retainer payments – Construction Services	852	-	852
Business Support Fund - Discretionary Grants	245	-	245
Car Parking lost income	3,884	-	3,884
Architects / Engineers fees lost income	2,151	-	2,151
GAM lost income	331	-	331
Reduced income from property rents, planning applications, building warrants, advertising etc	702	-	702
<b><u>Neighbourhood Services:</u></b>			
Additional transport costs	96	-	96
Increase in residual waste disposal costs	408	-	408
Lower income from community centre lets, café sales etc	63	-	63
Lower income from trade waste, special collections, sale of recyclates	641	-	641
<b><u>Chief Executive:</u></b>			
Community food costs	507	(352)	155
Support for at risk individuals	31	-	31
<b><u>Corporate Services:</u></b>			
Personal protective equipment	111	-	111
Bad debt provision – council tax etc	859	-	859
Council tax reductions	236	-	236
Discretionary housing payments	304	-	304
Crisis Grants	151	-	151
Food Fund - supply of food	42	(4)	38
Winter / Spring support payments (agency arrangement)	1,188	(1,188)	-
DEAP / fuel support payments	284	-	284
Lower income from Registrars, Tayside Scientific Services, underground garage	475	-	475
Self isolation support grants (agency arrangement)	124	(124)	-
Other costs	102	(57)	45
<b><u>Construction Services</u></b>			
Lost time recovered through standby / retainer payments	3,831	(3,831)	-
<b>HRA</b> (incl £2.979m standby / retainer payments to Construction Services)	3,503	-	3,503
<b>TOTAL</b>	<b>31,845</b>	<b>(8,876)</b>	<b>22,969</b>

In addition to the service specific income shown above, the Council has received additional funding from the Scottish Government totalling £33.091m in 2020/2021. This funding was received late in the financial year and was not fully utilised in 2020/2021, with £9.800m of the resultant underspend being ear-marked within General Fund balances for Covid-related purposes 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 £1.603m from the CJRS in 2020/2021.

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.

2019/2020 £000		2020/2021 £000
86,247	Gross Council Tax levied and contributions in lieu	90,711
(36)	Adjustments for prior years Council Tax	(32)
86,211		90,679
	Adjusted for:	
(17,753)	Other discounts and reductions	(18,402)
(11,888)	Council Tax Reduction Scheme	(13,255)
(2,065)	Provision for Non-collection	(2,642)
<b>54,505</b>	<b>Net Council Tax Income per the Comprehensive Income and Expenditure Account</b>	<b>56,380</b>

The calculation of the Council Tax Base 2020/21:

	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>	28,100	3,536	37	16,549	454	24,617	240/360	13,498
<b>Band B</b>	17,232	1,859	53	7,686	263	15,380	280/360	10,365
<b>Band C</b>	9,554	1,129	60	3,546	162	8,432	320/360	6,635
<b>Band D</b>	8,761	593	67	2,731	115	8,987	360/360	8,247
<b>Band E</b>	7,398	857	80	1,674	88	6,478	473/360	7,904
<b>Band F</b>	2,389	85	17	473	24	2,296	585/360	3,520
<b>Band G</b>	1,079	24	9	176	16	1,046	705/360	1,947
<b>Band H</b>	39	5	-	7	2	34	882/360	76
						<b>TOTAL</b>		52,192
						<b>Provision for non-collection (3.2%)</b>		(1,670)
						<b>Council Tax Base</b>		50,522

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 2020/2021 was £1,379.

Dundee City Council £ per year for 2020/2021:

<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>	£3,378.66

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.

2019/2020 £000		2020/2021 £000
99,560	Gross rates levied and contributions in lieu	97,469
	Less:	
(30,220)	Reliefs and other deductions	(60,675)
(4,849)	Write Off of uncollectable debt and allowance for impairment	(12,030)
<b>64,491</b>	<b>Net Non Domestic Rate Income</b>	<b>24,764</b>
6,171	Adjustment to Previous Years' Non-Domestic Rates	(4,282)
<b>70,662</b>	<b>Total Non Domestic Rate Income (before local authority retentions)</b>	<b>20,482</b>
(517)	Non Domestic Rates Retained by Authority	-
<b>70,145</b>	<b>Contribution to Non-Domestic Rate Pool</b>	<b>20,482</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 £0.498, the intermediate property rate was £0.511, payable when rateable value is between £51,000 and £95,000, and the higher property rate was £0.524, payable when rateable value exceeds £95,000.

	2020/2021 £000
<b>Analyses of Rateable Values:</b>	
Rateable Value at 1/4/2020	191,147,000
Running Roll (Full Year Rateable Value)	(2,544,000)
Rateable Value at 31/3/2021	188,603,000
Less: Wholly Exempt	(5,792,000)
<b>Net Rateable Value at 31/03/2021</b>	<b>182,811,000</b>
<b>Dundee City Council's Rateable Values at 1 April 2020</b>	
	<b>£000</b>
Commercial	95,297
Industrial and Freight Transport	32,401
Public Undertakings	6,971
Others	56,478
<b>Total</b>	<b>191,147</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.

2019/2020 £000	Notes	2020/2021 £000
<b>Income</b>		
50,153	Dwelling Rents	51,222
807	Non-dwelling Rents	830
3,367	Any Other Income	3,435
<b>54,327</b>	<b>Total Income</b>	<b>55,487</b>
<b>Expenditure</b>		
(19,692)	Repairs and Maintenance	(19,248)
(12,411)	Supervision and Management	(13,046)
(285)	Rent, rates, taxes and other charges	(288)
(38,829)	Depreciation and Impairment on Non-Current Assets	(25,293)
(1,911)	Movement in the Impairment Allowance for Non-Trade Debtors	5
<b>(73,128)</b>	<b>Total Expenditure</b>	<b>(60,694)</b>
<b>(18,801)</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(5,207)</b>
(478)	HRA Services' Share of Corporate and Democratic Core	(478)
<b>(19,279)</b>	<b>Net Cost for HRA Services</b>	<b>(5,685)</b>
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
131	Gain or (Loss) on Sale of HRA Non-Current Assets	113
(6,724)	Interest Payable and Similar Charges	(6,749)
-	Impairment of Assets Held for Sale	321
141	Interest and Investment Income	133
(152)	Pension Interest Cost and Expected Return on Pension Assets	(145)
98	Capital Grants and Contributions Receivable	(7)
(107)	Movement in the Impairment Allowance for Trade Debtors	(156)
<b>(25,892)</b>	<b>Surplus or (Deficit) for the Year on HRA Services</b>	<b>(12,175)</b>



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

2019/2020			2020/2021
£000		Notes	£000
(25,892)	Surplus or (Deficit) for the Year on HRA Income and Expenditure Statement		(12,175)
27,697	Adjustments between Accounting Basis and Funding Basis Under Statute	1	14,319
1,805	Net Increase or (Decrease) Before Transfers to or from Reserves		2,144
(1,805)	Transfers (to) or from Reserves	2	(2,144)
-	Increase or (Decrease) in Year on the HRA		-
<b>- Balance on the HRA at the end of the Current Year</b>			<b>-</b>

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

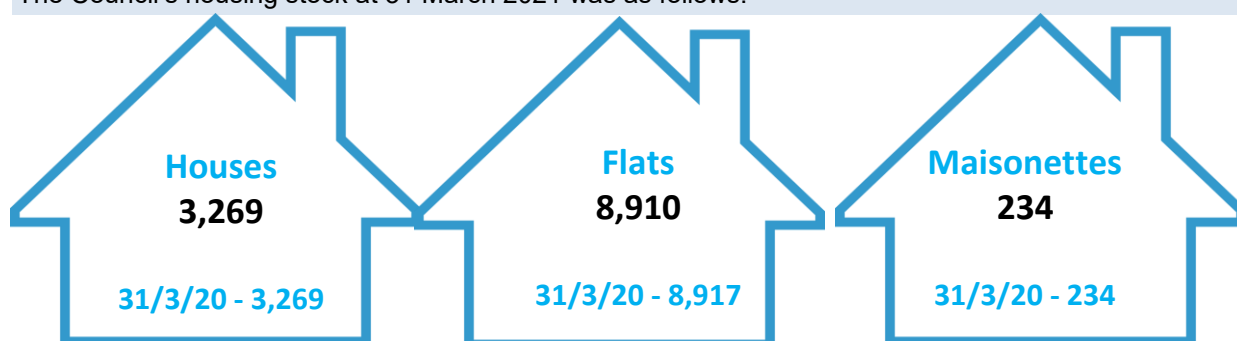
2019/2020 £000		2020/2021 £000
(131)	Gain or loss on sale of HRA non-current assets	(113)
-	Impairment of Assets Held for Sale	(321)
	Transfer to/from Revaluation Reserve:	
-	* Current Value Element of Depreciation Charge	14,403
	Transfer to/from Capital Adjustment Account:	
38,829	* Depreciation and Impairment - Housing Revenue Account Assets	10,890
(98)	* Capital Grants and Contributions	7
(11,302)	* Repayment of Debt	(11,131)
(450)	* Capital Financed from Current Revenue (CFCR)	-
4	Short Term Accumulating Absences	(4)
944	HRA share of contributions to or from the Pensions Reserve	691
(99)	HRA Share of Transfer to/from the Financial Instruments Adjustment Account	(103)
<b>27,697</b>	<b>Total</b>	<b>14,319</b>

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

2019/2020 £000		2020/2021 £000
(2,255)	Transfer (to)/from the Renewal & Repair Fund	(2,144)
450	Transfer from General Fund (Funding for CFCR from Reduced Council Tax Discounts on long-term Empty Properties and Second Homes)	-
<b>(1,805)</b>	<b>Total</b>	<b>(2,144)</b>

**3 Housing Stock**

The Council's housing stock at 31 March 2021 was as follows:

**4 Rent Arrears**

Net rent Arrears at 31 March 2021 were £4,402,263 (£3,178,196 at 31 March 2020).

**5 Impairment of Debtors**

In 2020/2021 an impairment of £4,264,283 has been provided in the Balance Sheet for irrecoverable rents, a net increase of £772,159 from the provision in 2019/2020.

**6 Voids**

The total value of uncollectable void rents was £1,610,166 (2019/2020 £979,576). This has been netted against rental income.

**7 Accumulated Housing Revenue Account Balance**

The Renewal & Repair Fund balance at 31 March 2021 was £11.467m, of which £8.160m was earmarked for the Housing Revenue Account.

## THE GROUP ACCOUNTS & THEIR NOTES | Group Comprehensive Income & Expenditure Statement

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.

2019/2020			2020/2021			
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
189,858	(25,960)	163,898	Children & Families Services	199,995	(37,637)	162,358
205,780	(122,641)	83,139	Dundee Health & Social Care Partnership	218,157	(134,206)	83,951
89,656	(19,049)	70,607	City Development	90,859	(17,498)	73,361
38,786	(8,484)	30,302	Neighbourhood Services	39,262	(10,204)	29,058
13,144	(1,420)	11,724	Chief Executive	3,857	(929)	2,928
93,774	(59,764)	34,010	Corporate Services	90,786	(57,637)	33,149
14,659	(17,059)	(2,400)	Construction	6,730	(7,817)	(1,087)
72,567	(53,766)	18,801	Housing Revenue Account	60,224	(55,016)	5,208
349	-	349	Discretionary NDR Relief	369	-	369
912	-	912	Tayside Valuation Joint Board	946	-	946
2,091	(692)	1,399	Miscellaneous Items	3,831	(702)	3,129
156	-	156	Common Good Fund	147	-	147
-	-	-	Leisure and Culture Dundee	16,037	(5,235)	10,802
2,078	335	2,413	Associates Accounted for on an Equity Basis	1,258	(290)	968
83,468	-	83,468	Joint Ventures Accounted for on an Equity Basis	88,726	-	88,726
<b>807,278</b>	<b>(308,500)</b>	<b>498,778</b>	<b>Cost Of Services</b>	<b>821,184</b>	<b>(327,171)</b>	<b>494,013</b>
		(76)	Other Operating Expenditure			(383)
		(148)	Share of Other Operating Expenditure (Associates)			(152)
		-	Share of Other Operating Expenditure (Joint Ventures)			(701)
		-	Share of Other Operating Expenditure (Subsidiaries)			(2,890)
		29,453	Financing and Investment Income and Expenditure			30,080
		103	Share of Financing and Investment Income and Expenditure (Associates)			21
		(155)	Share of Financing and Investment Income and Expenditure (Subsidiaries)			34
		(388,821)	Taxation and Non-Specific Grant Income			(409,825)
		(82,331)	Share of Taxation and Non-Specific Grant Income (Joint Ventures)			(95,259)
		(954)	Share of Taxation and Non-Specific Grant Income (Associates)			(986)
		<b>55,849</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>13,952</b>
		(8,355)	(Surplus) or Deficit on revaluation of fixed assets			3,689
		3,390	Impairment losses on non-current assets charged to Revaluation Reserve			1,041
		276	(Surplus) or Deficit on financial assets measured at fair value through other comprehensive income			(357)
		(22,452)	Remeasurements of the net defined benefit liability (asset)			(56,038)
		(1,096)	Share of Other Comprehensive Income and Expenditure (Associates)			(382)
		<b>(28,237)</b>	<b>Other Comprehensive (Income) / Expenditure</b>			<b>(52,047)</b>
		<b>27,612</b>	<b>Total Comprehensive (Income) / Expenditure</b>			<b>(38,095)</b>

## THE GROUP ACCOUNTS & THEIR NOTES | Group Movement in Reserves Statement

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>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	General Fund Balance £000	HRA Balance £000	Renewal and Repair Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000			
<b>Balance at 31 March 2019</b>	<b>(19,439)</b>	-	<b>(6,621)</b>	<b>(2,573)</b>	<b>(3,139)</b>	<b>(626)</b>	<b>(32,398)</b>	<b>(739,762)</b>	<b>(772,160)</b>	
<b>Movement in reserves during 2019/2020</b>										
Total Comprehensive Expenditure and Income	29,957	25,892	-	-	-	-	<b>55,849</b>	(28,237)	<b>27,612</b>	
Adjustments between Group Accounts and Council Accounts	(1,979)	-	-	-	-	-	<b>(1,979)</b>	2,210	<b>231</b>	
<b>Net (Increase)/Decrease before Transfers</b>	<b>27,978</b>	<b>25,892</b>	-	-	-	-	<b>53,870</b>	<b>(26,027)</b>	<b>27,843</b>	
Adjustments between Accounting Basis and Funding Basis Under Regulations	(31,534)	(27,698)	-	-	(9,033)	-	<b>(68,265)</b>	68,265	-	
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(3,556)</b>	<b>(1,806)</b>	-	-	<b>(9,033)</b>	-	<b>(14,395)</b>	<b>42,238</b>	<b>27,843</b>	
Transfers to/(from) Earmarked Reserves	1,196	1,806	(2,680)	(739)	423	(6)	-	-	-	
<b>(Increase)/Decrease in 2019/2020</b>	<b>(2,360)</b>	-	<b>(2,680)</b>	<b>(739)</b>	<b>(8,610)</b>	<b>(6)</b>	<b>(14,395)</b>	<b>42,238</b>	<b>27,843</b>	
<b>Balance at 31 March 2020 Carried Forward</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>	

THE GROUP ACCOUNTS & THEIR NOTES | Group Movement in Reserves Statement

	<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 2020</b>	<b>(21,799)</b>	<b>-</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	-	-	-	-	<b>13,952</b>	(52,047)	<b>(38,095)</b>
Adjustments to Usable Reserves Permitted by Accounting Standards	(9,850)	(14,403)	-	-	-	-	<b>(24,253)</b>	24,253	-
Adjustments between Group Accounts and Council Accounts	7,679	-	-	-	-	-	<b>7,679</b>	5,431	<b>13,110</b>
<b>Net (Increase)/Decrease before Transfers</b>	<b>(394)</b>	<b>(2,228)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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)	-	<b>(26,750)</b>	26,750	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(25,728)</b>	<b>(2,144)</b>	<b>-</b>	<b>-</b>	<b>(1,500)</b>	<b>-</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 2019/2020</b>	<b>(35,046)</b>	<b>-</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</b>	<b>(56,845)</b>	<b>-</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>

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.

31 March 2020		31 March 2021
£000		£000
1,619,518	Property, Plant & Equipment	1,588,281
8,382	Heritage Assets	8,382
15,232	Investment Property	13,731
712	Intangible Assets	2,172
29	Long Term Investments	29
105	Investments in Associates	455
10,335	Long Term Debtors	10,544
<b>1,654,313</b>	<b>Long Term Assets</b>	<b>1,623,594</b>
7,017	Short Term Investments	9,453
1,194	Inventories	1,102
48,312	Short Term Debtors	66,752
22,390	Cash and Cash Equivalents	-
8,012	Assets Held for Sale	5,219
<b>86,925</b>	<b>Current Assets</b>	<b>82,526</b>
(97,410)	Short Term Borrowing	(51,242)
(64,266)	Short Term Creditors	(80,474)
-	Cash and Cash Equivalents	(1,678)
<b>(161,676)</b>	<b>Current Liabilities</b>	<b>(133,394)</b>
(3,251)	Provisions	(4,006)
(496,945)	Long Term Borrowing	(492,347)
(8,463)	Liabilities in Associates	(3,208)
(168,602)	Pension Liability	(147,306)
(153,473)	Other Long Term Liabilities	(151,598)
(4,511)	Capital Grants Receipts in Advance	(4,959)
<b>(835,245)</b>	<b>Long Term Liabilities</b>	<b>(803,424)</b>
<b>744,317</b>	<b>Net Assets</b>	<b>769,302</b>
46,793	Usable reserves	76,165
697,524	Unusable Reserves	693,137
<b>744,317</b>	<b>Total Reserves</b>	<b>769,302</b>



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

The unaudited accounts were issued on 1 July 2021 and the audited accounts were authorised for issue on 17 November 2021

The notes on pages 151 to 156 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.

2019/2020 £000		2020/2021 £000
55,849	Net (Surplus) or Deficit on the provision of services	13,952
(146,099)	Adjust net (Surplus) or Deficit on the provision of services for non cash movements	(96,208)
4,519	Adjust for items included in the net (Surplus) or Deficit on the provision of services that are investing and financing activities	4,253
<b>(85,731)</b>	<b>Net cash flows from Operating Activities</b>	<b>(78,003)</b>
77,895	Investing Activities	44,463
(4,597)	Financing Activities	57,608
<b>(12,433)</b>	<b>Net (Increase) or Decrease in cash and cash equivalents</b>	<b>24,068</b>
9,957	Cash and cash equivalents at the beginning of the reporting period	22,390
<b>22,390</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(1,678)</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 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>

Group Entity	As at 31 March 2020		
	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000
Dundee City Council (Single Entity)	41,514	703,765	745,279
Tayside Contracts Joint Committee	229	(8,557)	(8,328)
Common Good Fund	3,271	(12)	3,259
Charitable Trust Fund	520	6,463	6,983
Tayside Valuation Joint Board	72	(888)	(816)
Leisure & Culture Dundee	1,082	(3,247)	(2,165)
Design Dundee Limited	105	-	105
<b>Total per Group Balance Sheet</b>	<b>46,793</b>	<b>697,524</b>	<b>744,317</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	At 31
	March	March
	2020	2021
	£000	£000
Dundee City Council (Single Entity)	21,869	(2,469)
Charitable Trust Fund	521	791
<b>Total per Group Balance Sheet</b>	<b>22,390</b>	<b>(1,678)</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 %	2019/2020 Net		2020/2021 Net		
			Expenditure / (Income) £000	Net Assets / (Liabilities) £000	Group Share %	Expenditure / (Income) £000	Net Assets / (Liabilities) £000
<b>Subsidiaries:</b>							
Common Good Fund	Sole Trustee	100.00	13	3,258	100.00	6	3,568
Fleming Trust	Sole Trustee	100.00	(290)	6,984	100.00	(291)	7,254
Leisure & Culture Dundee	100% Control	-	-	-	100.00	(1,003)	(10,272)
<b>Associates:</b>							
Tayside Valuation Joint Board	Requisition Share	31.25	(2)	(816)	30.94	(241)	(576)
Leisure & Culture Dundee	Voting Rights	41.67	(15)	(2,165)	-	-	-
Tayside Contracts Joint Committee	Share of Business	33.70	-	(8,328)	29.90	-	(4,903)
Design Dundee Limited	Voting Rights	20.00	335	105	20.00	(290)	455
<b>Joint Ventures:</b>							
Dundee City Integration Joint Board	Equal Partnership	50.00	1,137	-	50.00	(6,669)	-
Michelin Scotland Innovation Parc	Equal Partnership	n/a	-	-	33.33	(565)	(545)
<b>Total Group Entities</b>			<b>1,178</b>	<b>(962)</b>		<b>(9,053)</b>	<b>(5,019)</b>
Dundee City Council (Single Entity)			26,434	745,279		(29,042)	774,321
<b>Dundee City Council (Group)</b>			<b>27,612</b>	<b>744,317</b>		<b>(38,095)</b>	<b>769,302</b>

In 2020/2021, Leisure & Culture Dundee (LACD) has been 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 157. Separate details of the Fleming Trust are included on pages 130-131.

**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 has been 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, draft audited accounts to the year ended 31 March 2021 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 2021 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 2021 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 2021 were used.

**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 2021 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 2021 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 2021, £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 2021, £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".

2019/2020 £000	<b>Income &amp; Expenditure Account</b>	2020/2021 £000
	<b><u>Income</u></b>	
(143)	Dividends on Bonds / Shares	(141)
(143)		(141)
	<b><u>Expenditure</u></b>	
156	Other Expenditure	147
156		147
<b>13</b>	<b>(Surplus)/Deficit for Year</b>	<b>6</b>

2020 £000	<b>Balance Sheet as at 31 March</b>	2021 £000
	<b><u>Current Assets</u></b>	
3,258	Short Term Investments	3,567
3,258		3,567
	<b><u>Current Liabilities</u></b>	
-	Sundry Creditors	-
-		-
<b>3,258</b>	<b>Net Assets</b>	<b>3,567</b>

<b>Financed By Fund Balances and Reserves</b>		
	Not Available for Use:	
(12)	- Financial Instruments Restatement Reserve	303
(12)		303
	Available for Use:	
3,270	- Common Good Balance	3,264
<b>3,258</b>		<b>3,567</b>



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

The unaudited accounts were issued on 1 July 2021 and the audited accounts were authorised for issue on 17 November 2021

### 1. SHORT TERM INVESTMENTS

Included within the Short Term Investments figure of £3,567,535 are investments in Bonds to the value of £3,503,089.

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

### Reporting on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Dundee City Council and its group for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the council-only Expenditure and Funding Analysis, the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Council Tax Income Account, Non-Domestic Rate Income Account, Housing Revenue Account, Common Good Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

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

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

## Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## Responsibilities of the Executive Director of Corporate Services and the Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Corporate Services is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Corporate Services is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Scrutiny Committee is responsible for overseeing the financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.



A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

### Statutory other information

The Executive Director of Corporate Services is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Annual Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

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

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

18 November 2021

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 sales.

**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.