

Annual Accounts for the year ended 31 March 2023



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Contents

Management Commentary.....	1
Statement of Responsibilities for the Annual Accounts.....	19
Annual Governance Statement.....	20
Remuneration Report.....	27
Comprehensive Income and Expenditure Statement.....	39
Movement in Reserves Statement.....	41
Balance Sheet.....	43
Cash Flow Statement.....	45
Notes to the Accounts.....	46
Note 1 Accounting Policies.....	46
Note 2 Prior Period Amendments.....	48
Note 3 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted.....	52
Note 4 Nature of the Group and Group Members.....	52
Note 5 Critical Judgements in Applying Accounting Policies.....	56
Note 6 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty.....	57
Note 7 Events after the Reporting Period.....	57
Note 8 Expenditure and Funding Analysis.....	58
Note 9 Expenditure and Income Analysed by Segment and Nature.....	63
Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations.....	65
Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund.....	67
Note 12 Other Operating Expenditure.....	68
Note 13 Financing and Investment Income and Expenditure.....	68
Note 14 Taxation and Non-Specific Grant Income.....	69
Note 15 Property, Plant and Equipment.....	69
Note 16 Heritage Assets.....	73
Note 17 Investment Property.....	74
Note 18 Intangible Assets.....	75
Note 19 Financial Instruments.....	76
Note 20 Inventories.....	79
Note 21 Short Term Debtors.....	79
Note 22 Debtors from Local Taxation.....	80
Note 23 Assets Held-for-Sale.....	80
Note 24 Cash and Cash Equivalents.....	80
Note 25 Short Term Creditors.....	81
Note 26 Provisions.....	81
Note 27 Usable Reserves.....	81
Note 28 Unusable Reserves.....	82
Note 29 Capital Grants and Receipts Unapplied Account.....	84
Note 30 Cash Flow Statement - Operating Activities.....	85
Note 31 Cash Flow Statement - Investing Activities.....	85
Note 32 Cash Flow Statement - Financing Activities.....	85
Note 33 Reconciliation of Liabilities Arising from Financing Activities.....	85
Note 34 External Audit Costs.....	86
Note 35 Councillors Remuneration.....	86
Note 36 Grant Income and Contributions.....	86
Note 37 Related Parties.....	87

Note 38 Capital Expenditure and Capital Financing.....	88
Note 39 Capitalisation of Borrowing Costs.....	88
Note 40 Leases.....	89
Note 41 Public Private Partnership and Similar Contracts.....	90
Note 42 Pension Schemes Accounted for as Defined Contribution Schemes.....	92
Note 43 Defined Benefit Pension Schemes.....	92
Note 44 Contingent Liabilities.....	98
Note 45 Nature and Extent of Risks Arising From Financial Instruments.....	99
Housing Revenue Account Income and Expenditure Statement.....	102
Movement on the Housing Revenue Account Statement.....	103
Notes to the Housing Revenue Account.....	104
Council Tax Income Account.....	105
Non-Domestic Rate Income Account.....	107
Trust Funds.....	109
Common Good Funds.....	117
Independent auditor's report to the members of Moray Council and the Accounts Commission.....	123
Glossary of Terms.....	126

Management Commentary

Introduction

Local authority accounting is extremely complex, reflecting the range of services we deliver and the regulations under which we operate. Trends in spending and income are reported regularly but our day-to-day financial position changes constantly. The annual accounts are a snapshot of our position at the end of the financial year. How we present our Annual Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom.

The Annual Accounts are presented in four core statements:

Comprehensive Income and Expenditure Statement (CIES): what we spent on delivering services to the public during the year and how that expenditure was funded; any other changes in our net worth (for example as a result of revaluation of council assets).

Movement in Reserves Statement (MIRS): the balance of funding held for various purposes and how that has changed since last year.

Balance Sheet: the value of our assets and liabilities.

Cash Flow Statement: the movement of cash for the year.

The Annual Accounts also include the accounts of the charitable trusts and Common Goods funds which we administer.

We have interests in other organisations which, under accounting regulations, have to be incorporated into the group accounts. These include the charitable trusts, Common Good funds, Grampian Valuation Joint Board, Moray Integration Joint Board and Moray Leisure Limited.

This management commentary is to help those reading the Annual Accounts understand our financial performance in 2022/23. It summarises the key facts from the accounts, illustrates our main achievements in the past year, and highlights some of the risks and challenges we face in the coming years.

The management commentary also contains a high level summary of the Council's capital expenditure during the year. We need to invest in assets to carry out our day-to-day business and to meet the infrastructure requirements of a changing population in Moray. The basis for investment in the Council's assets is the Council's [Capital Strategy](#). The principles used to manage our day-to-day finance requirements and longer term borrowing requirement to fund capital investment are captured in the [Treasury Management Strategy](#) and performance against targets reported in the annual [Treasury Management report](#). All these documents are approved by councillors.

The commentary also looks at the Council's performance during the year and Key Performance Indicators relating to the Council's Corporate Priorities for 2022/23 can be found on our website as well as detailed performance information. http://www.moray.gov.uk/moray_standard/page_92320.html

In common with all other organisations, the aftermath of the Covid-19 pandemic has changed some of the ways in which we deliver our services and relate to our local businesses and communities, and the management commentary gives some context to this as well as identifying other significant influences on the Council as an organisation.

Management Commentary (continued)

About us

Moray is a largely rural area covering a land mass of 2,238km². It has a long coastline on the Moray Firth with harbours, fishing villages and world-class beaches. The area's population for 2022 is projected to be 95,780. The main centre of population is Elgin, which is home to more than one quarter of the people living in Moray. Other towns of population between 5,000 and 10,000 are Forres, Buckie, Lossiemouth and Keith.

Moray Council was established in 1996 following local government reorganisation and the demise of regional councils. Elections are held every five years to appoint the 26 councillors who form the membership of the Council. Following the May 2022 election, the Council was led by a minority Conservative administration. There are three groups of councillors: Conservative (eleven councillors reducing to nine following two members becoming Independents), SNP (nine councillors following a by-election), Labour (three councillors). There is one Scottish Green Party councillor, and four independent councillors.

Council members are supported by the Council's Corporate Management Team (CMT) to establish priorities for services and a programme of continuous improvement. There are four members of CMT: the Chief Executive, two Depute Chief Executives and the Chief Officer of Moray Integration Joint Board. They in turn are supported by nine heads of service (plus 2 NHS equivalent) and a workforce of 5,066, equivalent to around 3,800 full time staff. Delivering the wide range of services we're responsible for is assisted by a range of contracts with both the private and third sector.

These services include education, social care and social work (under the direction of Moray Integration Joint Board), leisure, waste management, housing, maintenance of the local roads infrastructure and a range of regulatory services such as planning. The split of expenditure between the different departments of the Council is shown in Note 9 to the accounts. The services we deliver are largely statutory duties, although we have an element of discretion as to how we deliver them, to best meet local need.

Management Commentary (continued)

Strategy, planning and performance

We agree priorities for public services in Moray with our Community Planning Partners, and these priorities are set out in our Local Outcome Improvement Plan (LOIP). Our own priorities – specific to council services – are set out in our Corporate Plan. The latest version of the Corporate Plan identifies priorities under 3 themes – Our People, Our Place, Our Future – and continues with a focus on ensuring a Sustainable Council for the future, including financial stability.

Our strategic approach to financial planning is embodied in the Medium to Long Term Financial Plan which accompanies the Corporate Plan and we aim to achieve financial stability within the next few years. Due to the uncertain economic climate this Plan has not been updated since February 2021. It will be updated in September 2023. General funding from Scottish Government has been reduced over the past 12 years. We have made savings and we have also made planned use of reserves to cushion the effect on services of reduced funding. However, this is not sustainable. We have agreed an Improvement and Modernisation Programme (IMP) as a vehicle to assist in driving out savings by changing the way in which we operate as a Council. Regular reports on this are made to Council. Recent planning has focused also on our vision for the Council of the future.

Although our financial planning process in normal times focuses on the medium term, successive single-year settlements from the Scottish Government have resulted in annual budgets being approved. The budgets for 2022/23 (General Fund revenue and capital and HRA revenue and capital) were approved by Council on 22 February 2022.

We operate two main funds within the council: the General Fund and the Housing Revenue Account (HRA).

The HRA is self-funding, with all expenditure covered by income raised, primarily from council house rent. We have a programme of affordable house-building, supported by grant from the Scottish Government.

The General Fund is mainly funded by grants from the Scottish Government. Council Tax meets less than 20% of general revenue expenditure. Scottish Government called a halt to the Council Tax freeze in 2017/18 but capped the level of increase which councils could set in successive years. A freeze was reintroduced for 2021/22 (for the one year only). Successive freezes have reduced the proportion of our budget funded by Council Tax.

In addition to general grant funding we receive specific grant funding for certain services. Increasingly, general grant funding is linked to Scottish Government priorities such as teacher numbers. The effect of this is to increase the pressure on those services not identified as a priority by Scottish Government, as they have to bear the brunt of the reduction in core funding. COSLA estimate 65% of council expenditure in 2022/23 was directed or restricted by Scottish Government. Expenditure is driven by legislative requirements, government priorities and local priorities, as set out in the LOIP and in the Council's Corporate Plan.

We can charge for some of the services we deliver and income generation is seen as an important means of protecting service delivery.

We measure our performance using the Council's Performance Management Framework. Performance is reported to the appropriate service committee on a six monthly basis. Quarterly reports on our financial performance against the budget for the Council's general fund are reported to the Corporate Committee or (depending on the committee cycle) to the full Council.

Highlights of successes and challenges for strategic objectives are summarised below (these have been extracted from final 2022/23 performance reports to committees, which also include service level performance information).

Education Resources and Communities:

Successes: developing strategic approaches to capital investment across the learning Estate and sports and leisure facilities.

Challenges: allocation of budget using Participatory Budgeting (dependent on other services' involvement).

Management Commentary (continued)

Education Services:

Successes: improvement in key attainment measures; including leaver attainment in literacy, numeracy and positive leaver destinations

Challenges: further improvement of attainment at key stages in the context of ongoing national reforms

Environmental and Commercial Services:

Successes: promoting active and green travel and an increase in electric car charging points

Challenges: none reported at Strategic level but at service level some delays in progress were noted including for the Energy from Waste Project, with running tests ongoing prior to full start up

Economic Development and Growth

Successes: developing a strategic support to funding opportunities, Hydrogen Strategy for Moray approved

Challenges: business new starts below target.

Housing and Property Services:

Successes: nothing at strategic level but at service level improvements to homelessness and voids processes were noted

Challenges: identification of land for industrial development

HR, ICT and Organisational Development:

Successes: revised Workforce Strategy and Plan approved.

Challenges: recruitment and retention challenges in some services

Governance, Strategy and Performance:

Successes: library information hubs implemented across Moray

Challenges: review of Local Outcome Improvement Plan

Financial Services:




Success: successful engagement with local suppliers and local award of meat contract

Challenges: Long to Medium Term financial strategy still to be reviewed




Key Performance Indicators (KPIs)

The KPIs below are for 2021/22 as these are the latest approved figures currently available across all services. As with the successes and challenges above, these are highlights, and a comprehensive performance report including 2022/23 figures will be published later this year. The Performance Report for 2021/22 can be found at



<http://www.moray.gov.uk/downloads/file148356.pdf>




Short term trend					
	Improving		No Change		Getting Worse

Our People




Children & Families	Target	2022/23	2021/22	2020/21	Short term trend
Percentage of leavers achieving 1+ awards at SCQF level 4 or above	97%	March 2024	97.7%	96.8%	
Proportion of pupils entering positive destinations	95%	March 2024	96.2%	94.1%	
Percentage of Looked After Children cared for in a community setting	87.5%	82%	81.5%	82.5%	

Management Commentary (continued)

Percentage of Looked after leavers achieving 1+ awards at SCQF level 4 or above	77%	March 2024	82%	75%	
Child Protection – Rate of registration (per 1,000 1-15 population)	2.7	1.4	2.3	1.6	

Adults	Target	2022/23	2021/22	2020/21	Short term trend
Percentage of adults able to look after their health very well or quite well	91%	N/A	93%	-	
Emergency admission rate (per 100,000 population)	11,656	N/A	9,241	8,644	
Percentage of adults supported at home who agreed they felt safe	80%	N/A	72%	-	

Our Place

	Target	2022/23	2021/22	2020/21	Short term trend
Number of Community Asset Transfers completed	8	3	3	2	
Percentage of Participatory Budgeting (PB) expenditure achieved	100%	13.42%	2.8%	2.8%	
Number of new Community Action Plans in place	3	3	1	0	

Scottish Government have set a target of 1% of a local authority's budget to be allocated by Participatory Budgeting (PB) – our target is to achieve 100% of the Scottish Government target; in 2022/23 we have achieved 13.42% of that target. Many plans to use PB in 2022/23 did not come to fruition, but areas where PB has been used have generally been considered to be successful.

Our Future

	Target	2022/23	2021/22	2020/21	Short term trend
Economic impact of tourism, in Moray	Increase	£147.99m	£103.71m	£63.01m	
Proportion of 16-29 year old in Moray population (NRS mid-year)	Increase	15.3%	15.3%	15.1%	
Proportion of people earning less than living wage (ASHE) Note (1)	Reduce	N/A	19.4%	21.5%	
Median gross weekly earnings (excluding overtime)	Increase	N/A	£598.80	£565.50	
Median gross weekly earnings – pay gap Note 2	Improve	N/A	£170.80	£165.60	
Modern Apprenticeship – achievement rate	76%	71.2%	69.6%	78.4%	

Note 1 Trend upwards as decreased percentage shows improving result.

Note 2 Trend downwards as increased amount shows a decreased result.

Management Commentary (continued)

Our People indicators – Education KPIs and children’s social work KPIs are generally showing an improvement over the last year but adult care is showing a decrease.

Our Place indicators – two indicators show an improving trend. The proportion of budget allocated by PB remains significantly below target.

Our Future indicators – a mix of improvement and decreases.

Management Commentary (continued)

Highlights of the year

May 2022

Our People



Mannachie Park community consultation

August 2022

Our People



80 Newly Qualified Teachers start with Moray Council

August 2022

Our People



NearMe appointments launch in Moray Libraries

February 2023

Our People



Sports kits for all launched

May 2022

Our Place



Lossiemouth East Beach Bridge opens

June 2022

Our Place



Community Asset Transfer (CAT) for Garmouth Water Tower

Management Commentary (continued)

August 2022

Our Place



Buckie Community Orchard officially opens

December 2022

Our Place



Buckie's refurbished synthetic pitch opens

April 2022

Our Future



Storm Arwen response prompts community resilience action plan updates

July 2022

Our Future



Fresh food tender for school encourages local business applications

September 2022

Our Future



Moray Council becomes Living Wage Accredited Employer

November 2022

Our Future



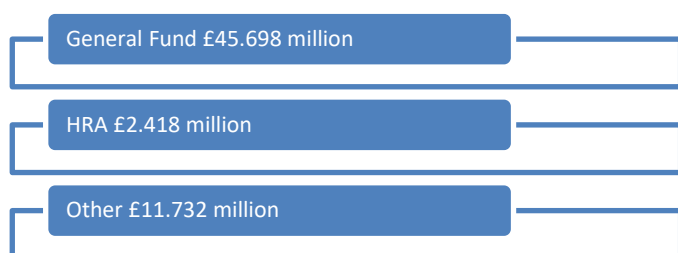
£880,000 awarded for Just Transition

Management Commentary (continued)

Financial Results for the year

The Council's Annual Accounts are prepared on a different basis from the basis on which it sets its budget. The net income for 2022/23 in the Comprehensive Income and Expenditure Statement (CIES) is £94.336 million (2021/22: £138.906 million). This adds together the General Fund and HRA, to give an overall picture of the Council's financial activities in the year. It also includes a number of accounting entries required by the accounting regulations but which are not a charge on the income the Council receives to deliver services and which cannot create income which the Council can use. The impacts of these accounting entries are reflected in the Council's unusable reserves. The Council's usable reserves show what the Council has available to spend, either on a planned basis or to meet unexpected contingencies.

Usable reserves



Unusable reserves



The Movement in Reserves Statement shows the net income to the Council per the CIES analysed across the General Fund, HRA, other usable reserves and unusable reserves. The net income of £94.336 million shown in the CIES is the increase in overall reserves: an increase of £93.531 million in unusable reserves and £0.805 million usable reserves. Note 11 to the accounts further analyses the movement in the General Fund, showing a breakdown of the various earmarked reserves (reserves set aside for specific purposes) and a balance of £5 million in free general reserves (2021/22 £5 million). The free general reserves are a cushion against unexpected events and the Council looks at various financial risks in setting the balance it requires to keep.

General fund revenue expenditure

We set the budget for 2022/23 on 22 February 2022. During the year the budget was revised, mainly to reflect additional funding from Scottish Government. The original and revised budgets and actual out-turn are set out below, with explanations of main variances on page 13:

	2022/23 We planned	We revised to	2022/23 We out turned	2021/22 results
	£m	£m	£m	£m
Expenditure				
Departmental	204.444	238.453	228.977	204.526
Loans Fund	13.707	19.000	12.244	19.702
Additional provisions – monies held centrally	22.581	0.774		
	<u>240.733</u>	<u>258.227</u>	<u>241.221</u>	<u>224.228</u>
Funded from:				
SG Grant	180.273	192.704	193.427	183.381
BRIS	-			0.023
Council Tax	46.555	46.555	47.687	45.979
Use of reserves	10.335	17.792		
Financial flexibilities	3.120	-		(5.155)
	<u>240.733</u>	<u>258.227</u>	<u>241.114</u>	<u>224.228</u>

The Council Tax Income Account in the Accounts for 2022/23 show Council Tax income of £48.375 million. £0.688 million was transferred to the HRA in respect of second homes and long-term empty dwellings (2021/22: £0.662 million). We collect Non Domestic Rates (NDR) on behalf of Scottish Government. NDR revenue is pooled at a national level then redistributed to councils as part of the government's grant funding for local authorities. Moray has 5,694 rateable properties (2021/22 5,569) with a combined rateable value of £124 million, a reduction of £2 million from 2021/22.

Management Commentary (continued)

Commentary on year-end position

Main reasons for variance from budget.

	Amount
Loans pool holiday	£7.583m
Underspend in services (see note 10)	
Staff vacancies	2,049
Additional income in services	2.298
Devolved School Management (DSM) / Pupil Equity Fund (PEF)	1,700
Other underspends in services	1,394
Council Tax additional income	1.132
Central provisions unspent / additional savings	0.774
Interest on Revenue Balances	0.715
Other	1.216
Underspend for year against budget	18.861

Ear marked reserves	Amount
Note 11 shows the detail of this Movement in Reserves:	
Free general reserves – no movement, sits at policy minimum	
Devolved School Management -reduction	(£0.436m)
Pupil Equity Funding – reduction	(£0.289m)
Transformation – no movement	
Council priorities – no movement	
Covid-19 – increase	£0.638m
Other ear-marked reserves - increase	£0.376 m
Total movement in general reserves - increase	£0.289m

Although reserves have increased, there has been slippage in some planned expenditure and late receipt of Scottish Government grant related to specific initiatives and so some of the reserves are already committed to fund expenditure in 2023/24 and beyond. £2.2m movement into Covid-19 reserves arises from fund slippage in departments / late receipts – more than the net transfer in.

Management Commentary (continued)

Service expenditure

The adjustments to service expenditure from the accounting basis to the funding basis is shown in Note 8 to the accounts. The table below compares budgeted expenditure to actual expenditure on the funding basis and highlights the main reason for the variance in each service.

Service	Budget £000s	Actual £000s	Reason for Variance
Education	78,538	77,123	Mainly Devolved School (DSM) budgets and Pupil Equity Funds (PEF), all of which are carried forward in separate ear-marked reserves. DSM and PEF are spent across the academic year and carry forward is expected
Education Resources and Communities	25,494	23,718	Mainly staff vacancies. Income from sports facilities above budget.
Children's Social Work Services	18,225	16,382	Reduced cost of care due to number and type of placements and delay in awarding contracts. Income from refugees will be carried forward.
General Services Housing and Property Service	4,890	4,704	Delay in implementing Rapid Rehousing Transition Plan – this will be carried forward to 2023/24. Additional income from Industrial Estates.
Environmental and Commercial Services	28,102	27,885	Income above budget in a number of areas. Overspend on winter maintenance due to worse weather than budgeted for.
Economic Growth and Development	5,415	4,314	Staff vacancies and delays in projects. Building Control and Planning fees above budget.
HR, ICT & OD	5,935	5,829	Staff vacancies and a number of minor underspends.
Financial Services	2,079	1,279	Interest on Revenue Balances (higher interest rates).
Governance, Strategy and Performance	6,999	6,402	Mainly staff vacancies.
Social Care services	58,723	58,659	Moray Integration Joint Board expenditure was met in full from Board funds.
Other expenditure	2,553	2,503	No major variance
Total departmental spend	236,953	228,798	

Management Commentary (continued)

The out-turn figures are those reported to Council on 28 June 2023 – these are expressed on the same basis as the budget figures. The out-turn included in the CIES is calculated in accordance with accounting requirements. The main difference between the 2 bases are set out in Note 8 to the accounts and can be summarised as below:

Description	Amount
Departmental Outturn per Management Commentary	228,798
Statutory Adjustments	41,437
Bad Debt Provision – reflected in service outturn but in Financing and Investment Income in the CIES	630
	270,866
Net Cost of Services in CIES	270,866

Savings

When the Council set its budget for 2022/23 it included savings of £1.576m – £0.068 million were one off savings with recurring savings of £1.508 million, £0.204 million from increased income, £0.293 million from efficiencies, £0.8 million from Children’s Service review of practice and £0.211 million other savings. The bulk of the savings were achieved. The indicative savings from the Improvement and Modernisation Programme (£0.293 million) were not realised, though progress is being made with the work streams. However, additional savings identified after the budget was approved more than covered the shortfall and in all a total of £3.318 million savings were removed for the budget, with £2.032 million of these recurring.

Financial flexibilities

When the Council set its budget for 2022/23 it assumed that it would use one of the financial flexibilities indicated as available by Scottish Government to facilitate additional expenditure arising from the covid-19 pandemic, amounting to £3.12 million. The flexibility was to fund covid-related expenditure from capital receipts. However, this required permission from UK Government and that permission was not granted. During the year the decision to use the financial flexibility of a loans pool holiday was agreed and that has resulted in a one-off saving of £7.5 million. Financial flexibilities regarding service concessions have been approved for 2023/24.

Management Commentary (continued)

Housing Revenue Account

Our 6,332 houses (2021/22: 6,287) are held on the Housing Revenue Account (HRA).

The balance on the HRA is shown in the Movement in Reserves Statement – at the end of 2022/23 the balance had decreased by £0.047 million from the balance at the end of 2021/22 bringing the total balance to £2.418 million. The HRA budgeted to break even in 2022/23, with planned expenditure of £21.666 million met from rent and other income.

As budgeted	Budget £000s	Actual £000s	Reason for variance
Rental income	(21,557)	(21,499)	
Other income	(89)	(258)	
Supervision and management	4,533	4,831	
Repairs and maintenance	7,956	8,502	
Financing cost	4,096	4,553	Increased interest rates
Capital Funded from Revenue	4,303	3,404	
Other expenditure	788	514	
Use of/ (return to reserves)		47	net overspend

Reconciliation to accounts	£000s
Use of/ (return to reserves)	47
Statutory Adjustments	2,760
Adjustments to Usable Reserves Permitted by Accounting Standards	2,844
CFCR (net of Council tax Discount on 2nd Homes)	(3,404)
IORB – included in outturn but not in the Net Cost of Services	156
Financing Costs – included in outturn but not in the Net Cost of Services	(4,553)
Net Cost of Services per CIES	(2,150)

Management Commentary (continued)

We invest in building new homes and improve the existing ones, supported where possible by government grant.

New build

2022/23 – planned £14.099 million, actual £9.169 million – 65% of planned

2021/22 – planned £16.305 million actual £4.976 million – 31% of planned

Planned expenditure for 2022/23 included new build at Speyview in Aberlour. This project was delayed due to protracted negotiations over development costs in the context of current volatility in the construction industry, along with infrastructure difficulties on site, with the outcome that this project will be delayed until the next update of the HRA Business Plan, planned for 2024/25. The project at Bilbohall, Elgin was deemed to be not financially viable in the form originally tendered, following detailed cost review. Alternative options are being considered. In light of procurement difficulties experienced at Bilbohall and issues in the construction industry the Council has withdrawn its interest in the proposed development at the former Spynie Hospital in Elgin.

Housing improvements

2022/23 – planned £10.610 million, actual £8.487 million – 80% of planned

2021/22 – planned £10.620 million, actual £6.793 million – 64% of planned

The underspend on the Housing Investment Capital Programme occurred as a result of a lack of availability of external contractors and internal staff resourcing issues that led to delays in the development of some key investment programmes.

Management Commentary (continued)

General Services Capital Programme

We originally planned to spend £54.1 million on capital projects in 2022/23, which was amended to £43.4 million during the year, reflecting changed timescales for projects. Following delays in a major construction project (£5.3m slippage), delays in delivery of vehicles because of supply chain difficulties (£0.8 m slippage), underspends on various bridge projects (£2.7 million), and other delays we actually spent £28.3 million (2021/22: £31.0 million).

£28.3m

Invested in Moray during the year – main items summarised below



- **£4.5m**
New schools, improvements to existing schools and facilities for early learning and childcare



- **£2.0m**
Moray Growth Deal



- **£5.1m**
Waste management facilities, including a joint project with Aberdeen City and Aberdeenshire councils to build an energy from waste plant (£6.3m) and completion of works at Moycroft depot



- **£3.0m**
Bridge renovations



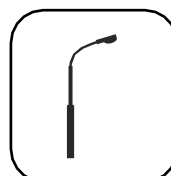
- **£2.6m**
Vehicles and electric car chargers



- **£2.5m**
Other land and buildings



- **£6.4m**
Road improvements, road safety measures and sustainable travel



- **£0.7m**
Street lighting



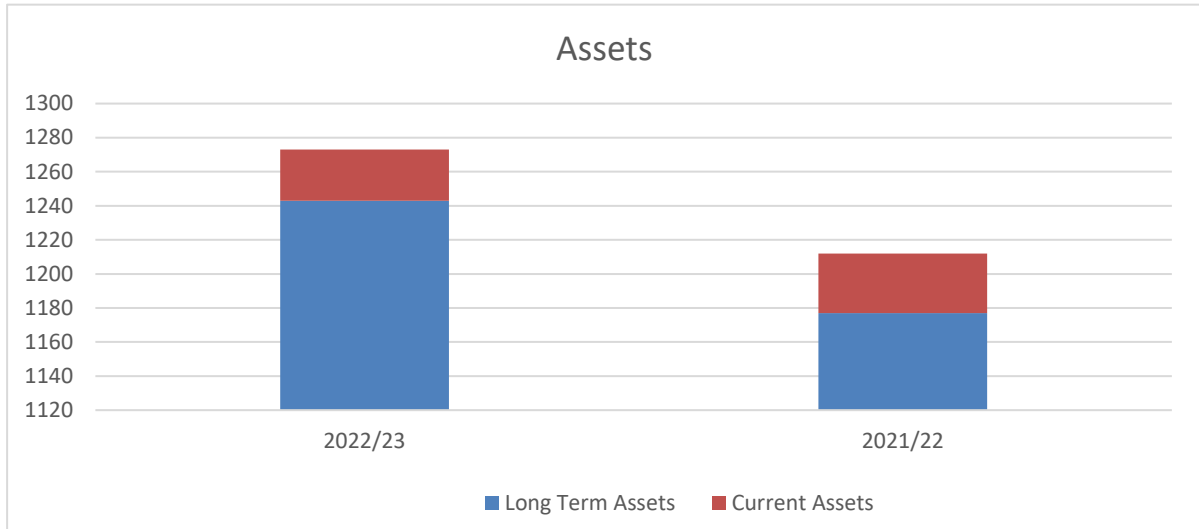
- **£1.5m**
ICT and other equipment

Management Commentary (continued)

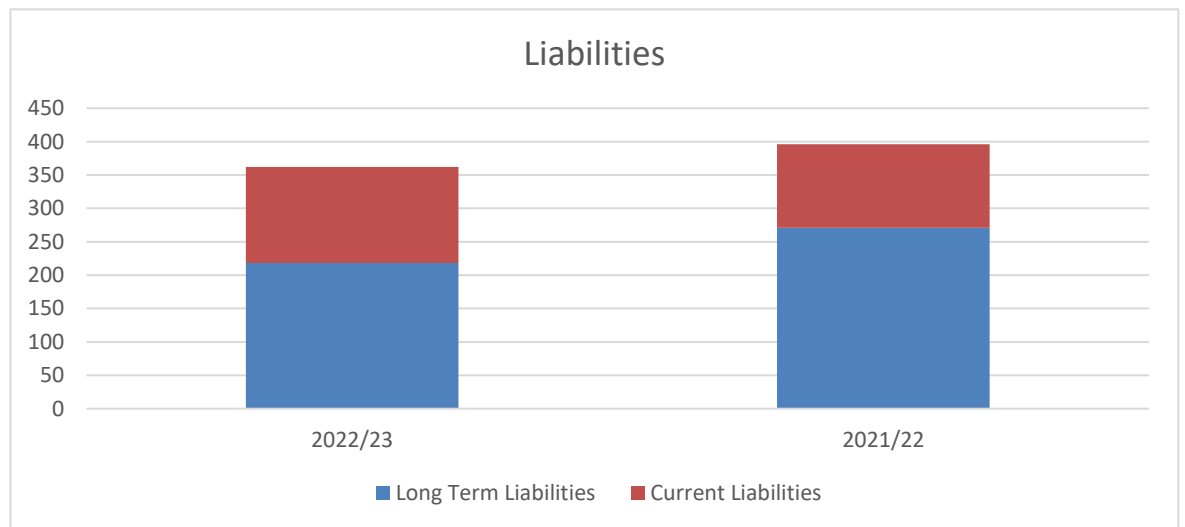
Balance sheet

The balance sheet records our assets (such as properties, vehicles, investments and cash) and liabilities and is a snapshot of our value or financial position at 31 March 2023.

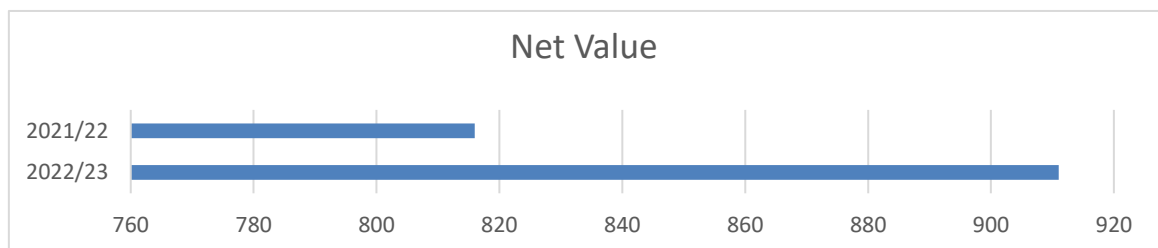
Our Assets



Less our liabilities



Give our net value



Our net value has increased by £94.3 million during 2022/23.

Management Commentary (continued)

Significant movements are:

- £58m increase in the value of property, plant and equipment, through additions and revaluations.
- £7m pension asset following the triennial actuarial assessment (was £55m liability in 2021/22).

Future risks

The Council maintains and keeps under review a corporate Risk Register, with risks grouped under nine themes, including financial risk. This section of the management commentary identifies the Council's main concerns for financial risk and also areas of planned development.

We expect to need to make savings over the next two years with the ultimate goal of balancing our budget without relying on reserves. However, there is considerable lack of clarity about our future financial position.

Our main risks are:

- Risks arising from increased inflation and interest rates, with likely impact on pay claims and general increases in prices across the board;
- Future funding, with Scottish Government finances under pressure and being targeted to specific priorities;
- Significant funding at UK and Scottish Government level coming from bid funds, requiring expertise and effort to access and with considerable monitoring requirements;
- Demographic pressures and emerging social needs post pandemic;
- Significant difficulties in recruiting staff ;
- Moray Integration Joint Board (MIJB) is overcommitted against its budget and we will have to fund our share of any overspend. The long-term impact of the pandemic on MIJB services is as yet unknown;
- Our school estate requires significant investment to bring facilities up to the Scottish Government's recommended 'B-B' standard;
- Meeting our target of carbon neutral by 2030 will be a financial and technical challenge.

How we are managing these risks

- Financial planning, monitoring and review, including planning in the short to medium and medium to long term;
- Working within Moray Economic Partnership to support the local economy;
- Developing Community Wealth Building;
- Creating teams with expertise in bidding for funds;
- Workforce planning;
- Reviewing our capital programme for areas of increased risk of slippage and / or costs increase and developing a mechanism to further prioritise our capital spend;
- Joint monitoring reviews with MIJB officers and officers and Board members from NHS Grampian;
- We are carrying out a comprehensive Learning Estate Review;
- We have mapped out a high-level route map to net zero.

.....and opportunities

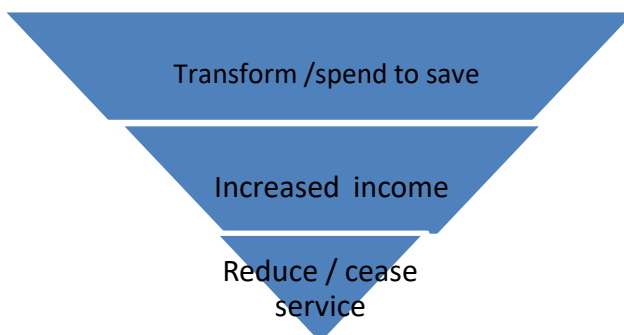
- The Moray Growth Deal, which will see significant investment in Moray's economy;
- Learning lessons from the pandemic about new ways of working and opportunities which arise from this, importing this learning into our revised core strategies and policies;
- Our Improvement and Modernisation Programme, redesigning how we deliver services in today's world to deliver efficiencies, building on our investment in ICT for flexible working and investing in Council priorities;
- Our Learning Estate Review, looking at how we can improve the learning experience by enhancing the environment in which it takes place;
- Our Climate Change Strategy, looking to become carbon neutral by 2030.

Management Commentary (continued)

Next steps

The Council is preparing its budget for 2024/25, has an indicative budgets for 2025/26 and will forecast the position for 2026/27. Although our level of funding from Scottish Government will not be confirmed for some months, we expect the need to make savings to continue. The awaited New Deal between Scottish Government and local authorities may assist this task.

We have agreed to adopt a hierarchical approach:



Our focus is on Improvement and Modernisation of services through further development of our change programme focussed on financial savings, with provision made for investment to transform how the Council delivers services with an eye to the future, while also generating efficiencies. This requires radical rethinking of the expectations around which services the council can continue to deliver within the resources available to it and this will take time to progress through to implementation. The challenge is how to achieve this step change with a parallel and pressing need for savings in early course. The Council's key strategic documents including the Corporate Plan and LOIP are being refreshed. Financial Plans are under review in both the short to medium and medium to long term, with known risks and opportunities are highlighted above. These strategies will be reviewed in the light of the New Deal when details of this are announced. In addition to this there are other factors such as the impact of the war in Ukraine and Scottish Government proposals for a National Care Service. We work in a constantly changing environment and strive to be an agile organisation, well equipped to cope with the many changes we encounter.

KR

Councillor Kathleen Robertson
Leader of Moray Council
26 October 2023

Roderick D. Burns
Chief Executive
27 October 2023

Lorraine Paisey
Chief Financial Officer
25 October 2023

Statement of Responsibilities for the Annual Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council 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 Chief Financial Officer.
- 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 Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021), 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 Council at its meeting on

Signed on behalf of Moray Council.



Councillor Kathleen Robertson
Leader of Moray Council
26 October 2023

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Accounting Code).

In preparing the Annual Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with legislation.
- complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

- kept adequate accounting records, which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Council and its Group at the reporting date and the transactions of the Council and its Group for the year ended 31 March 2023.



Lorraine Paisey CA
Chief Financial Officer
25 October 2023

Annual Governance Statement

Scope of Responsibility

The council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council has a statutory duty to make arrangements to secure Best Value under the Local Government in Scotland Act 2003.

In discharging these responsibilities, Elected Members and the Corporate and Senior Management Teams are responsible for putting in place proper arrangements for the governance of the council's affairs and for facilitating the effective exercise of its functions. In delivering these functions, there is a requirement to have effective partnership working with others, principally with NHS Grampian and Moray Integration Joint Board, Grampian Valuation Joint Board and the Moray Leisure Centre, as well as with other bodies involved in Community Planning.

This annual governance statement, which covers the period from 1 April 2022 through to the date of signing of these annual accounts explains how the council has used the CIPFA/SOLACE 2016 Framework 'Delivering Good Governance in Local Government' as a basis for considering the effectiveness of its own governance arrangements. The framework predates the Covid 19 pandemic, yet remains relevant as a good practice guide on how councils should be 'managed and controlled'.

Framework for Good Governance

The overall aim of the 'Delivering Good Governance in Local Government' Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The CIPFA/SOLACE Framework defines the seven core principles of good governance, namely:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
2. Ensuring openness and comprehensive stakeholder engagement;
3. Defining outcomes in terms of sustainable, economic, social and environmental benefits;
4. Determining the interventions necessary to optimise the achievement of the intended outcomes;
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
6. Managing risks and performance through robust internal control and strong public financial management; and
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The key elements of the council's governance arrangements are described in terms of the seven principles defined in the Framework, summarised as follows:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The roles and responsibilities of elected members and officers and the processes to govern the conduct of the council's business are defined in procedural standing orders, a scheme of administration, a scheme of delegation, and financial regulations. These are updated regularly as required, with a review of committee structures completed during the year. Codes of Conduct for both elected members and officers have been developed and these define the ethical values and standards of behaviour expected. The Codes draw on the 'Standards in Public Life' covering issues including leadership, fairness and integrity.

A Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. Elected members have been provided with induction training post the Local Government elections in May 2022 and definitions of leadership roles and behaviours developed and agreed.

2. Ensuring openness and comprehensive stakeholder engagement

As the recovery from the pandemic continues and the council looks for improvement and modernisation opportunities, meetings of the council and its committees are now delivered using a hybrid format that enables attendance in person or via web link. Meetings are live streamed and thus available for public viewing, with matters discussed and determined in confidence relating only to those deemed confidential in terms of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973. The rationale for all decisions proposed and taken is fully set out in committee reports.

Stakeholder engagement is central to the council's work at a strategic level, e.g. with community planning partners and on policy development or planned changes to services affecting communities or individual service users. Such engagement includes activity targeting citizens who are less likely to participate so as to better inform decision making processes. During the year, the Community Planning Partnership worked with community and third sector partners to refresh the Community Engagement Strategy. This was officially re-launched at an event in UHI Moray, and the updated strategy will support the development of future community and corporate plans as well as guiding consultation with local communities, for example, in progressing the participatory budgeting initiative.

Annual Governance Statement (continued)

The council seeks and obtains feedback on delivery of its services having adopted a comprehensive complaints procedure based on a model scheme developed by the Office of the Scottish Public Services Ombudsman. All complaints are responded to as appropriate, and inform improvements to service delivery. A comprehensive report on complaints handling is prepared and presented annually to a council committee.

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The creation and implementation of a vision for the local area, including expected outcomes for the community, is encompassed in the Local Outcomes Improvement Plan (LOIP). The overarching aim and purpose of this 10-year Plan is 'to raise aspirations by creating an enabling environment where our residents can achieve expanded choices, improved livelihoods and wellbeing'.

In particular, the LOIP recognises the importance of and benefits from reducing inequalities and poverty, with outcomes focused on the need for a growing, diverse and sustainable economy, building a better future for our children and young people in Moray, empowering and connecting communities, and a broadened objective of improving the wellbeing of our population.

The LOIP is a partnership plan and its strategic delivery is overseen by a Community Planning Board, which meets quarterly. The Board monitors plan performance for each quarter and during the year considered a number of key strategic documents, notably the NHS Grampian 'Plan for the Future' 2022-2028, that seeks to address pressures within the Health Service; and a refreshed Moray Economic Strategy 2022-2032 that has regard to change occasioned by the pandemic, the UK departure from the European Union, cost of living and doing business pressures, Climate Change and Net Zero targets, and the progress to date of the Moray Growth Deal.

Aligned to the LOIP, the council has its own Corporate Plan 2019-2024 that details specific council priorities under the banner of 'Our People, Our Place, Our Future.' The plan sets targets for improvement consistent with maintaining a sustainable council that provides valued services to its communities, and these targets are monitored through a Performance Management Framework. A review of the plan, involving wide consultation and incorporating the priorities of the council formed post the local government elections in 2022, has been progressed during the period. This work will inform a new Corporate Plan that will run from 2024.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes

The strategic Community and Corporate Plans are translated into service plans prepared within each service area. These facilitate delivery of agreed outcomes and assist in securing continuous improvement. Service plans are reported to a meeting of the council or appropriate service committee for consideration and approval, in reports that provide detailed information on planned activity. The reports contain a 'Summary of Implications' section that links report content to strategic plans, legal and policy issues; risk, staffing and property matters; equalities; social impact; and climate change and biodiversity considerations. A particular focus is given to financial implications given the current economic climate.

The council is fully aware of the financial challenges it faces and through its established committee structures, elected members have been provided with an extensive volume of information on both the availability of resources and options for future service delivery. This has been reflected in reports to the council on budget setting, including projections for the next two years; a capital strategy; and regular budget monitoring reports. The council successfully delivered a balanced budget for 2023/24.

Other interventions contributing to good governance during the period included reports providing high-level assessments of council priorities, service pressures and risks, and how these are inter-connected, as well as the provision of updates on numerous policy initiatives including Workforce Planning, Climate Change, Educational Attainment, and Best Value. Progress towards achieving agreed outcomes is monitored through an established Performance Management Framework that calls for quarterly reporting on key performance measures developed for each service. In addition, the council participates in the Local Government Benchmarking Framework which compares a range of established performance measures with those of other Scottish local authorities. Elected Members are provided with reports to review, scrutinise and note actions undertaken by Services to improve performance.

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Corporate Management Team (CMT) consists of the Chief Executive, two Depute Chief Executives and the Chief Officer, Health & Social Care (Moray Integration Joint Board), supported by a Senior Management Team (SMT) comprising nine Heads of Service. CMT/SMT meet frequently to discuss and provide leadership on the strategic direction of the council. The roles of officers are defined in agreed job profiles.

The Chief Executive is responsible and accountable to the council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers and building relationships with all elected members.

Annual Governance Statement (continued)

Leadership capacity of senior officers is supported through the promotion of a Leadership Forum, which brings together senior managers from all services to provide a wider perspective on the consideration of issues facing the council. Forum meetings ensure consistent messaging is available from senior management to managers. Human Resources have continued to review and refine the leadership development strategy and provide training opportunities online.

The council has an agreed elected members' development strategy that, in addition to the Induction Programme, includes an on-going training programme of learning, development and briefings. Members appointed to certain committees also receive specific training related to the responsibilities of these committees.

In addition, elected members represent the council on a range of outside bodies, including on boards of other Community Planning partners, across partnership bodies such as the Moray Economic Partnership, various national bodies such as COSLA and its themed Boards, and a broad range of charitable and third sector organisations. This representation provides valuable learning and networking opportunities for those members.

Senior Officers also participate in regular meetings with political group leaders and separately with elected members in the Council's Administration Group.

6. Managing risks and performance through robust internal control and strong public financial management

The council has a risk management policy and strategy designed to support the identification, evaluation and mitigation of risks that may impact on its ability to meet its objectives. A Corporate Risk Register provides summary information on what the CMT/SMT considers are the principal risks facing the council and how these are managed and controlled. Risk implications also feature in committee reports to inform the decision-making process.

The council's system of internal control is based on a framework of financial regulations, regular management information, administrative procedures, management supervision and a scheme of delegation that defines accountabilities of senior officers. Establishing and maintaining an effective system of internal control is a management function. An Audit and Scrutiny Committee, through its consideration of reports by internal and external auditors, monitors the effectiveness of the system of internal control.

Strong financial management is secured through the work of the Chief Financial Officer appointed in terms of s. 95 of the Local Government (Scotland) Act 1973. This officer advises the Council on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts. Draft and audited Annual Accounts are published on the council website.

7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Council business is conducted through an established cycle of webcast committee meetings. Webcasts remain available for viewing for 12 months following a meeting. Meeting dates are published in advance, and agenda papers are made available at least one week before meetings take place. Minutes of meetings are prepared and important decisions are publicised on the council website and through social media.

The council's website provides a platform from which to disseminate a wide range of information including news items on policy decisions, guidance on council services and on service disruptions/interruptions arising from weather events or similar. The website facilitates efficient access to digital services across a range of service areas and allows for consultations to be undertaken and for interested parties to provide feedback electronically.

The council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies generally by developing improvement Action Plans. The Audit and Scrutiny Committee is integral to overseeing independent and objective assurance processes that make recommendations for improvements to the system of internal control. The Committee's Terms of Reference were reviewed and updated during the year.

The council responds to requests for information and Freedom of Information legislation having processed over 1,300 such requests during the period covered by this statement.

Review of Adequacy and Effectiveness of the Council's Governance Framework

In order to assess the effectiveness of the governance framework, including the system of internal control, it is necessary to consider the role of the functions and individuals who contribute to it, as follows:

• Elected Members

Governance arrangements at a political level emanate from the council, its committees and from other roles that elected members fulfil. These include participation in the Community Planning Board and associated groups for multi-agency issues. Elected members also have substantive roles on the Moray Integration Joint Board for Health and Social Care, the Grampian Valuation Joint Board, and the Moray Leisure Arm's Length External Organisation (ALEO), each of which has its own governance arrangements. In addition, elected members have membership and represent Moray Council interests

Annual Governance Statement (continued)

in partnerships that contribute to meeting council aims and objectives, notably in the development and delivery of the Moray Growth Deal.

• **Audit and Scrutiny Committee**

The council has an Audit and Scrutiny Committee where elected members consider reports on audit work completed. These provide assurances on the adequacy and effectiveness of the system of internal controls including those relative to the delivery of plans, compliance with laws and regulations, accuracy of information and safeguarding of assets. The Committee also receives reports on the performance of and trends from council services regarding service standards and performance information. During the period covered by this statement, to further strengthen oversight processes, two external members have been appointed to the committee in line with Chartered Institute of Public Finance and Accountancy best practice guidance for Audit Committees operating in Local Government.

This committee is a key component of good governance, distinguished from other committees by the role elected members are required to fulfil, not in setting policy or considering service matters, but by providing independent oversight and challenge in support of the council's duty to secure continuous improvement. These functions are delivered independently from the supervisory oversight roles of the Corporate and Senior Management Teams.

• **The Corporate Management Team**

The Corporate Management Team (CMT) has overarching operational responsibility for good governance arrangements. The team comprises the Chief Executive, two Deputy Chief Executives with portfolio responsibilities for Education, Communities and Organisational Development; and Economy, Environment and Finance respectively, and the Chief Officer (Health and Social Care Integration).

• **The Corporate Management Team / Senior Management Team**

This is an extended management team comprising the CMT and Heads of Services. The role and remit of this group is to support the formulation and implementation of policies, strategies and plans to achieve local and national outcomes, share and promote good practice from an inter-service perspective, to act with the wider objectives of the council in mind to ensure the resources are effectively deployed, and assist CMT in keeping the governance of the council and its services under review.

Individual Heads of Service, collectively the Senior Management Team (SMT), have considered the effectiveness of governance arrangements within their respective services by reference to the principal risks identified in the Council's corporate risk register and provided assurance statements for use in the preparation of this corporate statement. This affirms the broad ownership of good governance and recognition of its importance within the senior leadership of the council.

Generally the assurance statements are positive with limited commentary on governance weaknesses, albeit it has been noted in several statements that minor data breaches have occurred. While in part this may be a reflection of a move to hybrid working post pandemic and an increase in electronic communications, the importance of holding personal data securely has been recognised and priority given to refresher training on this topic. This should minimise the risk of further similar breaches occurring.

• **The Head of Governance, Strategy and Performance (Monitoring Officer) / Chief Financial Officer**

The Head of Governance, Strategy and Performance and the Chief Financial Officer perform their respective statutory duties as outlined elsewhere in this statement. In discharging the responsibilities of the role, the Chief Financial Officer complies with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer, and the Head of Governance, Strategy and Performance provides an information annual report on the duties of Monitoring Officer to a meeting of the council.

• **The Chief Social Work Officer**

The Head of Service for Health and Social Care Moray undertakes the statutory role of Chief Social Work Officer (CSWO). The latest available CSWO annual report for the 2021/22 year noted that governance and accountability arrangements remained unchanged throughout the year, with accountability of the CSWO being to the Moray Integrated Joint Board (MIJB) for adult services, and to Education, Communities and Organisational Development Committee and Moray Council on matters relating to children and young people and justice social work.

The report noted that planning for the delegation of children's social work to the Integrated Joint Board was continuing, and it has since been confirmed that this will proceed during 2023/24. Overall the report concluded that notwithstanding the governance arrangements in place, Social Work, like other areas of Health and Social Care, continued to experience pressures.

Annual Governance Statement (continued)

- **Internal Audit**

The council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Audit and Risk Manager complies with mandatory Public Sector Internal Audit Standards and with published good practice guidance e.g. on the Role of the Head of Internal Audit in Local Government. During the year, the Internal Audit Charter and the council's Policy to Combat Fraud, Theft, Bribery and Corruption were updated. The Audit and Risk Manager is accountable on a day-to-day basis to the Head of Governance, Strategy and Performance and to the Audit and Scrutiny Committee.

The internal audit plan for the year includes a range of audit projects covering main financial systems, other systems operating within services and several ad-hoc/unplanned projects. The outcomes from these projects, together with any recommendations to enhance the control environment, are reported to the Audit and Scrutiny Committee. This Committee is chaired by an elected member who is not part of the council Administration. Almost all planned reviews detailed within the Annual Internal Audit Plan for 2022/23 have been completed.

The Public Sector Internal Audit Standards require an internal audit opinion to be provided annually. As planned audit work was substantially completed by the year-end, and based on his wider knowledge of the organisation and its control systems, it is the opinion of the Audit and Risk Manager that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated in the council during the year.

- **Health & Social Care Integration**

The council, as a key partner within Health and Social Care Moray has an interest in the governance arrangements within the Moray Integration Joint Board (MIJB). Internal Audit arrangements for the MIJB are provided jointly by the council's Internal Audit service and NHS Grampian's Internal Auditors. The council's Internal Audit Service provides assurance over social care services, and oversight of the MIJB governance arrangements. A separate internal audit opinion is provided in respect of audit projects completed for the MIJB.

- **External Agencies**

In addition to the various internal review processes and the external audit of the Annual Accounts, aspects of the council's governance arrangements are considered in various inspection reports produced by the external auditor and other inspectorate agencies.

Audit Scotland's Best Value Assurance Report on Moray Council contained eight recommendations. An action plan was developed in response and good progress has been made. The council remains committed to responding positively to the remaining recommendations to strengthen governance arrangements, with progress closely monitored and updated status reports on each action being reported to the appropriate committee.

Overall assessment of the effectiveness of governance arrangements

Having regard to the information provided in the preceding paragraphs, it is considered that established systems and processes are broadly effective and not inconsistent with the seven principles identified in the 'CIPFA/SOLACE' Framework 'Delivering Good Governance in Local Government.'

Significant governance issues

Governance issues highlighted as significant in the Annual Governance Statement for 2021/22 went beyond describing governance processes and how effective they operated in practice, also providing commentary on the planned strategic direction of the council and its partners, and linked risk issues. That strategic direction continues to be developed and adapted in response to multiple factors both external and internal to the Council, as described in the management commentary for 2022/23. There are no significant governance issues to report.

Annual Governance Statement (continued)

Specific governance issues noted in the prior year and how they have been addressed relate to:

An externally commissioned review on the management of social care contracts

A report on this was published in February 2023, and has been submitted to the Audit, Performance and Risk Committee of the Moray integration Joint Board and to the council's Audit and Scrutiny Committee for their respective interests. The report covers a complex area of work, with Self-directed Support legislation enabling individuals to exercise choice and control over the support or services required to meet assessed care needs. While the legislation provides welcome flexibility in terms of personalising care provision, this has created challenges for the Commissioning Service to review and update contractual agreements with multiple suppliers of care services, at a time when these services are operating under difficult market conditions with staffing and cost pressures widely documented.

The report makes recommendations to strengthen governance arrangements and deliver improvements. These recommendations have been accepted by the management of Health and Social Care Moray, and will require the Commissioning Service to work more closely with the council's procurement team going forward, and to develop an action plan for improvement that assigns responsibilities to relevant officers and sets timescales to enable progress to be effectively monitored.

Addressing the key challenges to support education recovery and the need for improving attainment

Educational Services has refreshed its standards for Professional Leadership and Learning 2022-2025. This has updated its vision to support and develop Moray teachers and practitioners to enable children and young people to be the best they can be. Attainment results have been monitored and reported to council in a detailed report which outlined achievements as well as challenges that require to be addressed as the service emerges from the pandemic. A number of other governance issues have been identified that require further development in the incoming period relating to curriculum improvements, inspections, and aspects of financial management.

Managing the fine political balance with new Members through a commitment to collaboration across all Councillors

A programme of induction has been delivered for new and returning elected members of the council. Briefing sessions have been provided as necessary on corporate and service projects as appropriate. Political Leaders have recognised the importance of collaborative working where possible and this message has been reinforced by the council's Corporate/Senior Management Team both informally and in committee reports covering strategic topics including on Best Value and on the Corporate Overview of Council Priorities.

Additional developments in the council's risk management and business continuity arrangements

A part-time officer has been appointed to assist in the assessment of risks affecting the council, and support the preparation of business continuity plans to aid delivery of critical services in the event of a disruption. An early stage review has been completed to inform areas requiring priority attention. The focus has been on the identification of critical functions and to align business continuity planning with risk management practice, thus ensuring that there is justification for allocating resources to particular tasks. A plan is in place to progress this work within council services and to develop links with partners and emergency planning as appropriate.

Increased numbers of data breaches have highlighted the need for further data protection training

Data breaches, albeit in small numbers, continue to be highlighted across a number of service areas, potentially a consequence of staff working in a more diverse way during and since the pandemic. The council has addressed this by updating its mandatory e-learning module covering General Data Protection Regulations (GDPR) and has developed a refresher training course for staff to annually measure their understanding of this important topic. Internal audits of information governance and of compliance with the GDPR requirements were completed and action plans developed and agreed with management for implementation during 2023/24.

Implementation of actions arising from the latest Best Value Progress Report from the Accounts Commission

A Best Value action plan was submitted and approved by council covering a number of themes – increasing the pace of transformational change, performance reporting, financial planning and sustainability, and improving educational attainment. The importance of committed decisive leadership was also highlighted as an issue in the Best Value report - this has been recognised as a political risk in the corporate risk register and in a number of reports to council and its committees on matters relative to strategic direction and good governance.

Annual Governance Statement (continued)


Concluding Remarks

This Annual Governance Statement summarises the extensive governance arrangements the council has in place to support delivery of its strategic plans and to secure Best Value in its use of resources. While the statement demonstrates that these arrangements are comprehensive and broadly fit for purpose, there are multiple challenges ahead that will impact on how council services are designed and delivered going forward. As these challenges are addressed in the incoming period, it is recognised that governance arrangements too will need to be adapted, and in our respective roles as Council Leader and Chief Executive (Head of Paid Service), we are committed to making this happen to ensure the council and its resources continue to be effectively managed and controlled.



Cllr Kathleen Robertson
Leader of the Council

26 October 2023



Roderick D Burns
Chief Executive

27 October 2023

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 require Local Authorities in Scotland to prepare a Remuneration Report as part of the statutory Annual Accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on page 31 and the Trade Union disclosures, will be audited by the appointed auditors, Grant Thornton UK LLP, and the information reviewed by them to ensure it is consistent with other sections of the Annual Accounts.

Remuneration Policy for the Leader of the Council, the Civic Leader and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Civic Leader – previously the role of Convener in 2021/22 - are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI No. 2022/18) which amended the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2021 (SSI No. 2020/26). The salary for the Leader of the Council is £32,622 per annum (2021/22 £31,010) and for the Civic Leader is £24,467 per annum (2021/22 £23,257).

In terms of the same Regulations, Moray Council can nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Civic Leader) whose salaries in aggregate must not exceed a specified amount, currently £198,171 (2021/22 £188,375) and whose salaries individually must be on a specified scale, currently £19,571 to £24,467 (2021/22 £18,604 to £23,257).

In addition to the Senior Councillors of the Council, the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convener or a Vice-Convener of a Joint Board such as a Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice-Convener (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the Convener or Vice-Convener being a member of the Local Government Pension Scheme.

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Leader and any Councillor designated a Senior Councillor. In 2022/23, Moray had eight Senior Councillors, (seven committee chairs/depute chairs and the Leader of the largest opposition group), each paid a salary of £24,467 per annum (2021/22 £23,257). The Convener of the Grampian Valuation Joint Board was also the Leader of the Council until 5 May 2022 so no reimbursement for an additional responsibility allowance was required to be paid by the Board for this period. From 26 August 2022 the new Convener has received an allowance for this responsibility which has been reimbursed by the Board. The Vice-Chair/Chair of the Moray Integration Joint Board was also the Convener of Moray Council until 5 May 2022 and, as she already received a Senior Councillor salary, then no additional payment was required. From 18 May 2022 the new Chair/Vice-Chair has received an allowance for this additional responsibility and this has been funded in full by Moray Council.

Table 1 shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2023. All salaries are paid monthly.

Remuneration Report (continued)

TABLE 1: Remuneration of Senior Councillors and Conveners and Vice-Conveners/Chairs of Joint Boards

Councillor Name	Responsibility	Salary, Fees		Total Remuneration 2022/23 £
		Total Remuneration 2021/22 £	and Allowances 2022/23 £	
Graham Leadbitter	Leader of the Council and Convener of Grampian Valuation Joint Board. Chair Economic Growth, Housing and Environmental Sustainability Committee and Chair of Economic Development and Infrastructure until 5 May 2022 Chair of Audit and Scrutiny Committee from 18 May 2022 and Joint Leader of the largest Opposition Group from 10 August 2022	31,010	24,379	24,379
Shona Morrison	Convener of the Council and Chair/Vice-Chair, Moray Integration Joint Board until 5 May 2022 Joint Leader of the largest Opposition group from 10 August 2022 (Note 2)	23,257	23,612	23,612
Kathleen Robertson	Leader of the Council from 10 August 2022 Co-Leader of the Council 18 May 2022 until 9 August 2022 Chair of Education, Children's and Leisure Services from 18 May 2022 (Note 1)	-	27,481	27,481
John Cowie	Civic Leader from 10 August 2022 (Note 3)	-	15,719	15,719
James Allan	Chair of Police and Fire and Rescue Services from 18 May 2022 until 9 August 2022	-	5,591	5,591
Peter Bloomfield	Chair of Police and Fire and Rescue Services from 10 August 2022	-	15,719	15,719
David Bremner	Chair of Planning and Regulatory Services Committee until 5 May 2022	23,257	2,302	2,302
Tracy Colyer	Chair of Moray Integration Joint Board from 24 May 2022 until 30 September 2022 Vice Chair of Moray Integration Joint Board from 1 October 2022	-	20,435	20,435
Theresa Coull	Chair of Police and Fire and Rescue Services Committee until 5 May 2022	7,002	2,302	2,302
Gordon Cowie	Chair of Licensing Committee until 5 May 2022	23,257	2,302	2,302
Amber Dunbar	Chair of Housing and Community Safety from 18 May 2022	-	21,310	21,310
Timothy Eagle	Leader of the largest Opposition group until 5 May 2022	23,257	2,302	2,302
Donald Gatt	Chair of Audit and Scrutiny Committee until 5 May 2022 Chair of Planning & Regulatory Services Committee from 18 May to 10 August 2022 Depute Council Leader from 10 August 2022 Convener of Grampian Valuation Joint Board from 26 August 2022	23,257	22,625	22,625
Paula Coy	Chair of Police and Fire and Rescue Services until 24 November 2021	15,117	-	-
David Gordon	Chair of Planning and Regulatory Services Committee from 10 August 2022	-	15,719	15,719
Louise Nicol	Depute Chair of Economic Growth, Housing and Environmental Sustainability Committee until 5 May 2022 Depute Chair of Police and Fire and Rescue Services until 5 May 2022	23,257	2,302	2,302
Marc Macrae	Convener from 18 May 2022 until 3 August 2022 Chair, Economic Development and Infrastructure Services Committee from 18 May 2022	-	21,310	21,310
Paul McBain	Chair of Licensing Committee from 18 May 2022	-	21,310	21,310
Aaron McLean	Chair of Education, Communities and Organisational Development and Chair of Corporate Committee until 5 May 2022	23,257	2,302	2,302
Neil McLennan	Co-Leader of the Council 18 May 2022 until 9 August 2022 (Note 1)	-	6,522	6,522
Bridget Mustard	Chair of Corporate Committee from 18 May 2022	-	21,310	21,310
Sonya Warren	Chair of Education Children's and Leisure Services Committee until 5 May 2022	23,257	2,302	2,302
Total		239,185	279,156	279,156

Remuneration Report (continued)

No taxable expenses were paid in 2022/23 or 2021/22.

Note 1 – It was agreed following the meeting of Moray Council on 18 May 2022 that Leadership of the Council would be shared between Councillor Robertson and Councillor McLennan. The additional responsibility allowance for this post was shared equally between the two councillors from this date until 10 August 2022 when Councillor Robertson was appointed sole leader. From 10 August 2022 Councillor McLennan returned to the basic councillor salary.

Note 2 – It was agreed following the meeting of Moray Council on 18 May 2022 that Leadership of the largest Opposition Group would be shared between Councillor Leadbitter and Councillor Morrison. As Councillor Leadbitter already received Senior Councillor remuneration as Chair of Audit and Scrutiny Committee the full additional responsibility allowance was received by Councillor Morrison.

Note 3 – At a meeting of Moray Council on 10 August 2022 it was approved to amend the position of Convener to Civic Leader.

TABLE 2: Remuneration paid to Councillors

The annual return of Councillors' salaries and expenses is available to view on the Council's website at http://www.moray.gov.uk/moray_standard/page_90017.html

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument (SSI).

The Council paid the following salaries, allowances and expenses to all Councillors (including the Senior Councillors above) during the year.

Type of Remuneration	2021/22	2022/23
	£	£
Salaries	531,247	563,901
Expenses	4,254	12,857
Total	535,501	576,758

Remuneration Policy for Senior Officers

The salaries of Senior Officers are set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities (SPPA). Circular CO/152 was issued 28 February 2023 and covers salary scales to be paid to Chief Officers for the period of 1 April 2022 to 31 March 2023. Depute Chief Executives receive 84% of the Chief Executive's salary. The Depute Chief Executive for Education, Communities and Organisational Development is also the Presiding Officer and therefore the amount included in table 3 is higher than this. Moray Council does not pay bonuses or performance related pay.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- i) A person who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
- ii) A person who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- iii) A person whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. Remuneration details are shown in Table 3. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2023. Salaries are paid monthly.

Remuneration Report (continued)

TABLE 3: Remuneration of Senior Employees of the Council

Name	Post Title	Total Remuneration	Salary, fees and allowances	Total Remuneration
		2021/22	2022/23	2022/23
		£	£	£
Roderick D Burns	Chief Executive	117,449	123,089	123,089
Rhona Gunn	Depute Chief Executive for Economy, Environment and Finance	99,038	104,010	104,010
Denise Whitworth	Depute Chief Executive for Education, Communities and Organisational Development	102,472	107,382	107,382
Vivienne Cross	Chief Education Officer	94,369	87,498	87,498
Jane Mackie	Head of Community Care (Chief Social Work Officer) until 31 October 2022	84,881	48,795	48,795
Tracy Stephen	Head of Community Care (Chief Social Work Officer) from 1 November 2022	-	40,705	40,705
Alasdair McEachan	Head of Governance, Strategy and Performance (Monitoring Officer)	83,436	87,043	87,043
Lorraine Paisey	Chief Financial Officer (s95)	83,057	86,860	86,860
Total		664,702	685,382	685,382

No taxable expenses were paid in 2022/23 or 2021/22.

Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS) and for teachers and former teachers through the Scottish Public Pensions Agency. The pension is based on the person's pensionable service (how long he or she has been a member of the pension scheme) and his or her pay. For Councillors, the pension is based on "career average" - the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, the pension is based on a career average from 1 April 2015. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004.

Remuneration Report (continued)

LGPS regulations require that contribution rates are applied according to ranges of pay bands rising from 5.5% to 12% depending on the member's rate of pensionable pay. The tables for the allocation of rates for 2021/22 and 2022/23 is shown below and can be found on the Scottish Public Pensions Agency website:

https://pensions.gov.scot/sites/default/files/2022-02/LGPS_Circular_Tiered_Contribution_Guidance_-_Version_16.pdf

Tiered Contribution Pay Rates

Pensionable Pay 2021/22	Rate (%) 2021/22	Pensionable Pay 2022-23	Rate (%) 2022/23
On earnings up to and including £22,300	5.50%	On earnings up to and including £23,000	5.50%
On earnings above £22,301 and up to £27,300	7.25%	On earnings above £23,001 and up to £28,100	7.25%
On earnings above £27,301 and up to £37,400	8.5%	On earnings above £28,101 and up to £38,600	8.5%
On earnings above £37,401 and up to £49,900	9.5%	On earnings above £38,601 and up to £51,400	9.5%
On earnings of £49,901 and above	12%	On earnings of £51,401 and above	12%

The value of benefits in Tables 4 and 5 below have been provided by the North East Scotland Pension Fund (NESPF) and are calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date; 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.

The pension entitlements for Senior Councillors for the year to 31 March 2023 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Remuneration Report (continued)

TABLE 4: Senior Councillors

Councillor	Responsibility	In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2022	For the year to 31 March 2023		As at 31 March 2023	Difference from March 2022
		£	£		£'000	£'000
Graham Leadbitter	Leader of the Council and Convener of Grampian Valuation Joint Board. Chair Economic Growth, Housing and Environmental Sustainability Committee and Chair of Economic Development and Infrastructure until 5 May 2022	5,985	4,705	Pension	8	1
	Chair of Audit and Scrutiny Committee from 18 May 2022 and Joint Leader of the largest Opposition Group from 10 August 2022			Lump	2	-
				Sum		
Shona Morrison	Convener of the Council and Chair/Vice-Chair, Moray Integration Joint Board until 5 May 2022	4,489	4,557	Pension	3	1
	Joint Leader of the largest Opposition group from 10 August 2022			Lump	-	-
				Sum		
Kathleen Robertson	Leader of the Council from 10 August 2022	-	5,304	Pension	1	
	Co-Leader of the Council 18 May 2022 until 9 August 2022			Lump	-	
	Chair of Education, Children's and Leisure Services from 18 May 2022			Sum		
John Cowe	Civic Leader from 10 August 2022	-	3,034	Pension	7	2
				Lump	-	-
				Sum		
James Allan	Chair of Police and Fire and Rescue Services from 18 May 2022 until 9 August 2022	-	1,079	Pension	4	1
				Lump	-	-
				Sum		
Peter Bloomfield	Chair of Police and Fire and Rescue Services from 10 August 2022	-	3,034	Pension	-	-
				Lump	-	-
				Sum		

Remuneration Report (continued)

TABLE 4: Senior Councillors (continued)

Councillor	Responsibility	In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2022	For the year to 31 March 2023		As at 31 March 2023	Difference from March 2022
		£	£		£'000	£'000
David Bremner	Chair of Planning and Regulatory Services Committee until 5 May 2022	4,489	444	Pension	2	-
				Lump	-	-
				Sum		
Tracy Colyer	Chair of Moray Integration Joint Board from 24 May 2022 until 30 September 2022	-	3,944	Pension	-	-
				Lump	-	-
				Sum		
Theresa Coull	Vice Chair of Moray Integration Joint Board from 1 October 2022 Chair of Police and Fire and Rescue Services Committee until 5 May 2022	1,351	444	Pension	2	-
				Lump	-	-
				Sum		
Gordon Cowie	Chair of Licensing Committee until 5 May 2022	4,489	444	Pension	5	-
				Lump	-	-
				Sum		
Amber Dunbar	Chair of Housing and Community Safety from 18 May 2022	-	4,113	Pension	-	-
				Lump	-	-
				Sum		
Timothy Eagle	Leader of the largest Opposition group until 5 May 2022	4,489	444	Pension	2	-
				Lump	-	-
				Sum		
Donald Gatt	Chair of Audit and Scrutiny Committee until 5 May 2022 Chair of Planning & Regulatory Services Committee from 18 May to 10 August 2022 Depute Council Leader from 10 August 2022 Convener of Grampian Valuation Joint Board from 26 August 2022	4,489	4,367	Pension	3	1
				Lump	-	-
				Sum		
Paula Coy	Chair of Police and Fire and Rescue Services until 24 November 2021	2,918	-	Pension	2	-
				Lump	-	-
				Sum		
David Gordon	Chair of Planning and Regulatory Services Committee from 10 August 2022	-	3,034	Pension	-	-
				Lump	-	-
				Sum		

Remuneration Report (continued)

TABLE 4: Senior Councillors (continued)

Councillor Responsibility		In-year pension contributions			Accrued pension benefits	
		For the year to	For the year to		As at 31	Difference
		31 March 2022	31 March 2023		March 2023	from March
		£	£		£'000	2022
					£'000	£'000
Marc	Convener from 18 May 2022 until August 2022	-	4,113	Pension	2	-
Macrae	Chair, Economic Development and Infrastructure Services Committee from 18 May 2022			Lump Sum	-	-
Paul McBain	Chair of Licensing Committee from 18 May 2022	-	4,113	Pension	-	-
				Lump Sum	-	-
Aaron McLean	Chair of Education, Communities and Organisational Development and Chair of Corporate Committee until 5 May 2022	4,489	444	Pension	4	-
				Lump Sum	-	-
Neil McLennan	Co-Leader of the Council 18 May 2022 until 9 August 2022	-	1,259	Pension	-	-
				Lump Sum	-	-
Bridget Mustard	Chair of Corporate Committee from 18 May 2022	-	4,113	Pension	-	-
				Lump Sum	-	-
Louise Nicol	Depute Chair of Economic Growth, Housing and Environmental Sustainability Committee until 5 May 2022	4,489	444	Pension	2	-
	Depute Chair of Police and Fire and Rescue Services until 5 May 2022			Lump Sum	-	-
Sonya Warren	Chair of Education Children's and Leisure Services Committee until 5 May 2022	4,489	444	Pension	3	-
				Lump Sum	-	-
Total		46,166	53,877		52	6

Remuneration Report (continued)

TABLE 5: Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2023 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

Name	Post Title	In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2022	For the year to 31 March 2023		As at 31 March 2023	Difference from March 2022
		£	£		£'000	£'000
Roderick D Burns	Chief Executive	22,661	23,750	Pension	73	5
				Lump	123	6
				Sum		
Rhona Gunn	Depute Chief Executive for Economy, Environment and Finance	19,109	20,065	Pension	39	4
				Lump	35	1
				Sum		
Denise Whitworth	Depute Chief Executive for Education, Communities and Organisational Development	19,772	20,720	Pension	50	3
				Lump	73	4
				Sum		
Vivienne Cross	Chief Education Officer	17,291	16,872	Pension	13	2
				Lump	-	-
				Sum		
Jane Mackie	Head of Community care (Chief Social Work Officer) until 31 October 2022	16,259	9,569	Pension	44	1
				Lump	68	-
				Sum		
Tracy Stephen	Head of Community care (Chief Social Work Officer) from 1 November 2022	-	7,476	Pension	7	2
				Lump	-	-
				Sum		
Alasdair McEachan	Head of Governance, Strategy and Performance	16,004	16,769	Pension	36	3
				Lump	41	2
				Sum		
Lorraine Paisey	Chief Financial Officer (s95 officer)	16,022	16,758	Pension	39	3
				Lump	54	3
				Sum		
Total		127,118	131,979		695	39

All senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS).

The pension information for the Chief Education Officer excludes her teacher's pension as information was not available from the Scottish Public Pensions Agency (SPPA).

Remuneration Report (continued)

Remuneration of Officers receiving more than £50,000

The following table provides details of the number of people paid by the Council whose remuneration is £50,000 or more. The table includes the remuneration of the Senior Employees detailed above.

TABLE 6: General Disclosure by Pay Band

Remuneration Band	Number of Employees	
	2021/22	2022/23
£50,000-£54,999	144	150
£55,000-£59,999	56	101
£60,000-£64,999	33	54
£65,000-£69,999	19	46
£70,000-£74,999	3	19
£75,000-£79,999	3	4
£80,000-£84,999	10	4
£85,000-£89,999	1	11
£90,000-£94,999	1	1
£95,000-£99,999	1	-
£100,000-£104,999	1	2
£115,000-£119,999	1	-
£120,000-£124,999	-	1
Total	273	393

The increase in employees earning over £50,000 is due to the higher pay award in 2022/23.

Exit Packages of Employees

The Council has agreed one exit package as detailed in Table 7. Exit packages are split between compulsory redundancies and other departures. The figures shown include redundancy, settlement costs for loss of employment and payments to the pension fund for early retirements agreed by Committee. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

TABLE 7: Exit Packages

Banding	2021/22			2022/23		
	Compulsory Redundancies	Other Departures	Total Cost	Compulsory Redundancies	Other Departures	Total Cost
	Number of Employees	Number of Employees	£	Number of Employees	Number of Employees	£
£0-£20,000	4	-	3,925	-	-	-
£40,001-£60,000	-	1	47,432	-	-	-
£120,000-£140,000	-	-	-	1	-	135,465
Total	4	1	51,357	1	-	135,465

Remuneration Report (continued)

Termination Benefits

During 2022/23 the Council terminated the contract of one employee. The contract was terminated as a result of redundancy. The cost to the Council was £0.135m comprising £0.025m of redundancy payments and £0.102m strain on pension fund costs (2021/22 £0.021m) which were reimbursed in full by the Scottish Government. No settlement costs for loss of employment were agreed in 2021/22 or 2022/23.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The following tables show the information required to be published under the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Table 8: Relevant Union Officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
2022/23		2022/23	
Teaching	Non-Teaching	Teaching	Non-Teaching
7	16	5.2	10.92

Table 9: Percentage of Time Spent on Facility Time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees	
	2022/23	
	Teaching	Non-Teaching
0%	-	4
1%-50%	10	11
51%-99%	1	-
100%	-	1

Remuneration Report (continued)

Table 10: Percentage of Pay Bill Spent on Facility Time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	2022/23	
	Teaching	Non-Teaching
Provide the total cost of facility time	£108,906	£62,159
Provide the total pay bill	£62,997,000	£116,290,000
Provide the percentage of the total pay bill spent on facility time calculated as: (total cost of facility time/total pay bill) x 100	0.17%	0.05%

Table 11: Paid Trade Union Activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

	2022/23	
	Teaching	Non-Teaching
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100	6.50%	13.27%



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Councillor Kathleen Robertson

Leader of the Council

26 October 2023



Roderick D Burns

Chief Executive

27 October 2023

Comprehensive Income and Expenditure Statement

This Statement for the Council and its Group shows the accounting cost for the year ended 31 March 2023 of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note 8.

2021/22				2022/23			
Expenditure	Council Income	Net	Group Net	Expenditure	Council Income	Net	Group Net
Restated £000	Restated £000	Restated £000	Restated £000	£000	£000	£000	£000
90,131	(13,271)	76,860	76,985	104,549	(12,331)	92,218	92,218
29,337	(4,406)	24,931	24,931	31,766	(5,107)	26,659	26,844
20,341	(1,885)	18,456	18,503	20,782	(3,392)	17,390	17,439
13,550	(9,006)	4,544	4,567	16,745	(9,489)	7,256	7,269
53,042	(14,792)	38,250	38,286	59,282	(17,463)	41,819	41,972
9,608	(4,543)	5,065	5,065	10,358	(5,222)	5,136	5,136
6,832	(400)	6,432	6,432	7,450	(383)	7,067	7,067
20,175	(14,045)	6,130	6,156	20,306	(13,233)	7,073	7,825
3,340	(831)	2,509	2,525	3,449	(888)	2,561	2,561
1,904	(142)	1,762	1,813	1,825	(205)	1,620	1,633
119,304	(66,160)	53,144	53,144	135,749	(73,682)	62,067	62,067
14,870	(21,229)	(6,359)	(6,359)	19,620	(21,770)	(2,150)	(2,150)
382,434	(150,710)	231,724	232,048	431,881	(163,165)	268,716	269,881
			Cost Of Services				

Comprehensive Income and Expenditure Statement (continued)

2021/22				2022/23			
Expenditure	Council Income	Net	Group Net	Expenditure	Council Income	Net	Group Net
Restated £000	Restated £000	Restated £000	Restated £000	£000	£000	£000	£000
382,434	(150,710)	231,724	232,048	431,881	(163,165)	268,716	269,881
		8,707	8,740			492	1,123
		13,157	12,559			12,856	12,544
		(243,650)	(243,650)			(261,652)	(261,652)
		-	(5,088)			-	6,212
		9,938	4,609			20,412	28,108
		(135,570)	(138,556)			(46,631)	(48,638)
		-	(216)			-	81
		(13,274)	(13,274)			(68,117)	(68,117)
		-	8			-	(1,897)
		(148,844)	(152,038)			(114,748)	(118,571)
		(138,906)	(147,429)			(94,336)	(90,463)

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council and its Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Statement shows how the movements in year 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 housing rents) for the year. The Net Increase or Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Revenue Statutory Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Subsidiaries Reserves £000	Authority's Share of Associates Reserves £000	Total Group Reserves £000
Balance at 31 March 2021	41,872	2,401	984	3,804	4,134	53,195	624,332	677,527	30,278	3,493	711,298
Movement in Reserves 2021/22 (restated)											
Total Comprehensive Expenditure and Income	(14,652)	4,714	-	-	-	(9,938)	148,844	138,906	3,443	5,079	147,428
Adjustments to usable reserves permitted by accounting standards	1,799	4,124	-	-	-	5,923	(5,923)	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (Note 10)	18,006	(9,424)	-	1,281	-	9,863	(9,863)	-	-	-	-
Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	5,153	(586)	-	1,281	-	5,848	133,058	138,906	3,443	5,079	147,428
Transfers to/(from) statutory reserves	(1,616)	650	4	944	18	-	-	-	-	-	-
Increase/Decrease in 2021/22	3,537	64	4	2,225	18	5,848	133,058	138,906	3,443	5,079	147,428
Balance at 31 March 2022	45,409	2,465	988	6,029	4,152	59,043	757,390	816,433	33,721	8,572	858,726
Note											
Minority Interest									731		731
Total Reserves as per Balance Sheet									34,452		859,457

Movement in Reserves Statement (continued)

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Revenue Statutory Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Subsidiaries Reserves £000	Authority's Share of Associates Reserves £000	Total Group Reserves £000
Balance at 31 March 2022	45,409	2,465	988	6,029	4,152	59,043	757,390	816,433	33,721	8,572	858,726
Movement in Reserves 2022/23											
Total Comprehensive Expenditure and Income	(28,703)	8,291	-	-	-	(20,412)	114,748	94,336	442	(4,300)	90,478
Adjustments to usable reserves permitted by accounting standards	7,634	2,844	-	-	-	10,478	(10,478)	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (Note 10)	19,821	(9,798)	-	1,014	-	11,037	(11,037)	-	-	-	-
Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	(1,248)	1,337	-	1,014	-	1,103	93,233	94,336	442	(4,300)	90,478
Transfers to/(from) statutory reserves	1,537	(1,384)	4,360	(4,898)	87	(298)	298	-	-	-	-
Increase/Decrease in 2022/23	289	(47)	4,360	(3,884)	87	805	93,531	94,336	442	(4,300)	90,478
Balance at 31 March 2023	45,698	2,418	5,348	2,145	4,239	59,848	850,921	910,769	34,163	4,272	949,204
Note											
Minority Interest									716		716
Total Reserves as per Balance Sheet									34,879		949,920

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and its Group. 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 of reserves are Usable Reserves, i.e. those reserves 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 Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services (Unusable Reserves). This category of reserves 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 differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2022		Notes	31 March 2023		
Council Restated £000	Group Restated £000		Council £000	Group £000	
1,175,180	1,197,515	Property, Plant & Equipment	15	1,233,435	1,256,271
1,151	1,355	Heritage Assets	16	1,151	1,355
222	2,907	Investment Property	17	395	3,066
36	36	Intangible Assets	18	29	29
-	3,079	Long Term Investments		-	2,998
-	8,572	Investments in Associates		-	4,272
-	-	Pension Asset	42	7,484	7,484
484	484	Long Term Debtors	19	439	439
1,177,073	1,213,948	Long Term Assets		1,242,933	1,275,914
1,642	1,643	Inventories	20	1,814	1,815
17,017	17,031	Short Term Debtors	21/22	16,243	16,261
877	877	Assets held for sale	23	463	463
15,409	15,409	Cash and Cash Equivalent	24	11,034	11,034
34,945	34,960	Current Assets		29,554	29,573
(75,973)	(75,973)	Short Term Borrowing	19	(88,123)	(88,123)
(47,344)	(41,210)	Short Term Creditors	25	(53,946)	(47,795)
(921)	(921)	Grants Received in Advance	35	(1,351)	(1,351)
(649)	(649)	Donated Inventories Account	20	(649)	(649)
(124,887)	(118,753)	Current Liabilities		(144,069)	(137,918)
(149)	(149)	Provisions	26	(149)	(149)
(160,784)	(160,784)	Long Term Borrowing	19	(152,897)	(152,897)
(51,599)	(51,599)	Other Long Term Liabilities	19	(50,280)	(50,280)
(3,608)	(3,608)	Capital Grants Received in Advance	35	(4,066)	(4,066)
(54,558)	(54,558)	Pensions Liability	42	(10,257)	(10,257)
(270,698)	(270,698)	Long Term Liabilities		(217,649)	(217,649)
816,433	859,457	Net Assets		910,769	949,920

Balance Sheet (continued)

31 March 2022		Notes	31 March 2023	
Council	Group		Council	Group
Restated	Restated			
£000	£000		£000	£000
45,409	45,409	General Fund Balance	45,698	45,698
-	11,136	General Reserves - Trust Funds	-	9,319
2,465	2,465	Housing Revenue Account	2,418	2,418
988	988	Capital Receipts Reserve	5,348	5,348
6,029	6,029	Capital Grants & Receipts Unapplied Account	2,145	2,145
4,152	4,152	Revenue Statutory Funds	4,239	4,239
59,043	70,179	Usable Reserves	59,848	69,167
417,278	436,621	Revaluation Reserve	452,576	472,440
408,211	411,453	Capital Adjustment Account	414,984	418,226
(5,716)	(5,716)	Financial Instruments Adjustment Account	(5,404)	(3,666)
(7,825)	(7,825)	Employee Statutory Adjustment Account	(8,462)	(8,462)
(54,558)	(54,558)	Pensions Reserve	(2,773)	(2,773)
757,390	779,975	Unusable Reserves	850,921	875,765
-	8,372	Share of Associates Reserves	-	4,272
-	731	Minority Interest	-	716
816,433	859,257	Total Reserves	910,769	949,920

The notes on pages 46 to 99 form part of the financial statements.

Lorraine Paisey

Lorraine Paisey CA

Chief Financial Officer

25 October 2023

The unaudited Annual Accounts were issued on 28 June 2023 and the audited Annual Accounts were authorised for issue by Lorraine Paisey, Chief Financial Officer, on 25 October 2023.

Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council and its Group during the financial year. 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 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 the future cash flows by providers of finance (i.e. borrowing) to the Council.

2021/22			2022/23	
Council	Group		Council	Group
Restated	Restated		£000	£000
£000	£000			
(9,938)	(4,609)	Net deficit on the provision of services	(20,412)	(28,108)
		Adjust net deficit on the provision of services for non cash movements:		
29,007	29,138	Depreciation	26,666	27,446
(7,782)	(7,782)	Impairments and downward revaluations	4,731	4,731
13	13	Amortisation	7	7
5,872	5,878	Increase/(decrease) in creditors	7,040	7,035
2,429	2,427	Increase/(decrease) in debtors	(2,170)	(2,173)
34	34	Increase/(decrease) in inventories	(172)	(172)
15,869	15,869	Movement in Pension Liability	16,333	16,333
9,988	9,988	Carrying amount of non-current assets sold or derecognised	1,506	1,506
-	(5,088)	Associates & Joint Ventures accounted for on an equity basis	-	6,212
265	371	Other non-cash items charged to the net surplus or deficit on the provision of services	263	975
55,695	50,848		54,204	61,900
		Adjust for items included in the net deficit on the provision of services that are investing and financing activities:		
(16,492)	(16,492)	Capital grants credited to the surplus or deficit on the provision of services	(22,998)	(22,998)
29,265	29,747	Net cash flows from Operating Activities	10,794	10,794
(23,115)	(23,115)	Investing Activities (Note 31)	(21,097)	(21,097)
(21,096)	(21,096)	Financing Activities (Note 32)	5,928	5,928
(14,946)	(14,464)	Net increase or (decrease) in cash and cash equivalents	(4,375)	(4,375)
30,355	30,355	Cash and cash equivalents at the beginning of the financial year	15,409	15,409
15,409	15,409	Cash and cash equivalents at the end of the financial year (Note 24)	11,034	11,034
(14,946)	(14,946)		(4,375)	(4,375)

Notes to the Accounts

Note 1 Accounting Policies

1. General

The Local Authority Accounts (Scotland) Regulations 2014 require the Council to prepare an annual statement of accounts. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a "going concern" basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

2. Accruals of Expenditure and Income

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

Where income and expenditure has 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 the 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.

3. Bad and Doubtful Debts

Amounts owed to the Council are reviewed annually and provision made for possible non-collection of bad or doubtful debts. All debts greater than 12 months old are provided for in full. For debt aged between 6 months and 12 months old, other than those relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government, provision of 50% is made. No provision is made on debt less than 12 months old relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government.

4. Borrowing Costs

The Council capitalises borrowing costs incurred whilst material assets are under construction.

5. 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 are investments that mature in three months or less from the balance sheet date and that are 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. These form an integral part of the Council's cash management.

6. 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 non-current assets attributable to the service.

7. Contingent Assets and Liabilities

A contingent asset or liability arises where an event has taken place that gives the Council a possible benefit or 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 assets or liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow/inflow or resources will be required or the amount of the benefit/obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts if they are deemed material.

8. Employee Benefits Payable during Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

Note 1 Accounting Policies (continued)

9. Fair Value Measurement

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled.

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 (or liabilities) that the local authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset (or liability) either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset (or liability).

10. Government Grants and Contributions

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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants) or Taxation and Non-Specific Grant Income (for capital grants). Where capital grants are credited to the Comprehensive Income and Expenditure Statement (CIES), they are reversed out in the General Fund balance in the Movement in Reserves Statement (MIRS).

11. Impairment

Assets are assessed at each year end for 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.

12. Inventories

Depending on the category of inventory, the values included in the Annual Accounts are either on the basis of the average price or the cost of the last item received. Work in Progress is stated at cost or value of work done. Although the Code recommends different valuation bases for these items, the effect on final valuations is immaterial.

13. Loans Fund

A Loans Fund is maintained under powers contained in the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund except for capital projects financed directly from Revenue Accounts. The basis of recharging for loans is by half-yearly instalments on an annuity basis. This is only the case for pre 1 April 2022 and new loans fund repayments now follow option 3 permitted by Finance Circular 7/2016. Loans Fund interest and expenses have been charged to the CIES in accordance with the Code.

14. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

15. Provisions

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 CIES in the year that the Council becomes aware of the 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 be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Note 1 Accounting Policies (continued)

16. Reserves

Reserves are created by appropriating amounts from the General Fund balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the MIRS so that there is no net charge against Council tax for the expenditure.

17. VAT

VAT is included in the CIES only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

Note 2 Prior Period Amendments

Context

In arriving at these amendments, it should be noted that this note to the accounts relates to the single entity values only. Restatements were also made to the Common Good Accounts and the detail of these is discussed in Note 4.

Any adjustments made are as a direct result of the materiality of their impact on the Accounts for 2021/22.

Property, Plant & Equipment/Intangible Assets

The 2022/23 opening balance for Property, Plant & Equipment and Intangible Assets has been adjusted upward by a total of £17.070m. The adjustment relates to a number a number of non-current assets as follows:

- A number of assets were not revalued as part of the 2021/22 year end processes but were determined to have had a material change in value since their last valuation date. These assets were subject to a desktop valuation exercise and the opening balances restated.
- During 2022/23 the Council moved to a new Asset Register System. As part of the transition to the new system errors were identified in how indexation had been applied to assets in 2021/22 and the opening balances were corrected.

Overall Effect of the Prior Period Adjustment

When working through the amended non-current asset values for the prior periods, there has been an impact across several areas within the annual accounts. Therefore, individual summaries of the impacts have been recorded in the tables below. The main areas which were impacted were as follows:

- The value of assets recorded on the Balance Sheet;
- Levels of Unusable Reserves (Movement in Reserves Statement);
- Depreciation and Revaluation amounts recorded in the Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet.

Note 2 Prior Period Adjustments (continued)

Balance Sheet

	Opening Balances as at 1st April 2022	Restated Balances as at 1st April 2022	Restatement
	£000	£000	£000
Property, Plant & Equipment	1,158,116	1,175,180	17,064
Heritage Assets	1,151	1,151	-
Investment Property	222	222	-
Intangible Assets	30	36	6
Long Term Debtors	484	484	-
Long Term Assets	1,160,003	1,177,073	17,070
Inventories	1,642	1,642	-
Short Term Debtors	17,017	17,017	-
Assets held for sale	877	877	-
Cash and Cash Equivalents	15,409	15,409	-
Current Assets	34,945	34,945	-
Short Term Borrowing	(75,973)	(75,973)	-
Short Term Creditors	(48,265)	(48,265)	-
Donated Inventories Account	(649)	(649)	-
Current Liabilities	(124,887)	(124,887)	-
Provisions	(149)	(149)	-
Long Term Borrowing	(160,784)	(160,784)	-
Other Long Term Liabilities	(55,207)	(55,207)	-
Pensions Liability	(54,558)	(54,558)	-
Long Term Liabilities	(270,698)	(270,698)	-
Net Assets	799,363	816,433	17,070
General Fund Balance	45,409	45,409	-
Housing Revenue Account	2,465	2,465	-
Capital Receipts Reserve	988	988	-
Capital Grants & Receipts Unapplied Account	6,029	6,029	-
Revenue Statutory Funds	4,152	4,152	-
Usable Reserves	59,043	59,043	-
Revaluation Reserve	406,094	417,278	11,184
Capital Adjustment Account	402,325	408,211	5,886
Financial Instruments Adjustment Account	(5,716)	(5,716)	-
Employee Statutory Adjustment Account	(7,825)	(7,825)	-
Pensions Reserve	(54,558)	(54,558)	-
Unusable Reserves	740,320	757,390	17,070
Total Reserves	799,363	816,433	17,070

Note 2 Prior Period Adjustments (continued)

Comprehensive Income and Expenditure Statement (CIES)

	2021/22 Audited Accounts			Restated 2021/22			Restatement
	Council			Council			
	Expenditure	Income	Net	Expenditure	Income	Net	
	£000	£000	£000	£000	£000	£000	£000
Education	91,406	(13,271)	78,135	90,131	(13,271)	76,860	(1,275)
Education Resources & Communities	29,595	(4,406)	25,189	29,337	(4,406)	24,931	(258)
Social Work	20,342	(1,885)	18,457	20,341	(1,885)	18,456	(1)
General Services Housing and Property Services	14,242	(9,006)	5,236	13,550	(9,006)	4,544	(692)
Environmental & Commercial Services	56,486	(14,792)	41,694	53,042	(14,792)	38,250	(3,444)
Economic Growth & Development	9,648	(4,543)	5,105	9,608	(4,543)	5,065	(40)
HR, ICT & Organisational Development	7,118	(400)	6,718	6,832	(400)	6,432	(286)
Governance, Strategy & Performance	20,175	(14,045)	6,130	20,175	(14,045)	6,130	-
Financial Services	3,332	(831)	2,501	3,340	(831)	2,509	8
Other	1,904	(142)	1,762	1,904	(142)	1,762	-
Health and Social Care	119,454	(66,160)	53,294	119,304	(66,160)	53,144	(150)
Housing Revenue Account	14,618	(21,229)	(6,611)	14,870	(21,229)	(6,359)	252
Cost Of Services	388,320	(150,710)	237,610	382,434	(150,710)	231,724	(5,886)

Note 2 Prior Period Adjustments (continued)

Comprehensive Income and Expenditure Statement (CIES) (continued)

	2021/22 Audited Accounts Council			Restated 2021/22 Council			Restatement
	Expenditure	Income	Net	Expenditure	Income	Net	
	£000	£000	£000	£000	£000	£000	
Cost Of Services Brought Forward	388,320	(150,710)	237,610	382,434	(150,710)	231,724	(5,886)
Other Operating Expenditure (Note 12)			8,707			8,707	-
Financing and Investment Income and Expenditure (Note 13)			13,157			13,157	-
Taxation and Non-Specific Grant Income (Note 14)			(243,650)			(243,650)	-
							-
Deficit on Provision of Services			15,824			9,938	(5,886)
(Surplus)/Deficit on revaluation of Property, Plant and Equipment (Notes 15 & 23)			(124,386)			(135,570)	(11,184)
(Surplus)/Deficit on revaluation of available for sale financial assets			-			-	-
Remeasurement of the net defined benefit liability (Note 28 & 42)			(13,274)			(13,274)	-
Other (Income)/Expenditure			(137,660)			(148,844)	(11,184)
Total Comprehensive Net (Income)/Expenditure			(121,836)			(138,906)	(17,070)

Note 3 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the Council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2022/23 Code:

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax (Amendments to IAS 12);
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).

The Code requires implementation from 1 April 2023 and there is, therefore, no impact on the 2022/23 financial statements.

The above amendments are not anticipated to have a material impact on the information provided in the financial statements.

Note 4 Nature of the Group and Group Members

The Council has an interest in a number of Subsidiary and Associate entities.

For the purposes of combination and incorporation within the Group Accounts, recognition has been made of the Council's controlling interest in six subsidiary entities and three associate entities.

The 2022/23 opening balance for Property, Plant and Equipment in the Common Good Accounts has been adjusted upwards by £3.495m. The adjustments related to a number of assets that were not revalued as part of the 2021/22 year end processes but were determined to have had a material change since their last valuation date. These assets were subject to a desktop valuation exercise and the opening balances restated.

Subsidiaries

The Entities which have been combined as subsidiaries are:

Name of Subsidiary	Principal Place of Business	% of ownership interest held by the Group	% of ownership interest held by the non-controlling interests (NCI)
Banffshire Educational Trust	Moray	50	50
Donald Manson Edinkille Trust Fund	Moray	67	33
Donald Manson Forres Trust Fund	Moray	67	33
Auchernack Trust	Moray	80	20
Other Trust Funds	Moray	100	-

The Council inherited its interests in the Trust Funds and Common Good Funds following reorganisation of local government in 1996. It is considered that the combination was on an acquisition basis. However, as no financial consideration was given for this interest, there is no goodwill involved in these instances.

The Council acts as joint trustee with other parties for four trust funds which have a combined net asset balance of £2.102m. The Council acts as sole trustees for various other trust funds which have a net asset balance of £8.482m.

The Council is responsible for the administration of Common Good Funds which were all the property of a Royal Burgh not acquired under statutory powers or held under specific trusts. Council Members have responsibility for decisions on the distribution of these funds. The Common Good Funds have a net asset balance of £23.279m.

The individual accounts for these entities are shown separately on pages 107 to 120.

Note 4 Nature of the Group and Group Members (continued)

Associates and Joint Ventures

The Entities that have been combined as Associates and Joint Ventures are:

Name of Associate	Principal Place of Business	Moray Council's Share of Voting Control	Moray Council's Share of Requisition	Measurement Method
Grampian Valuation Joint Board	Moray	20%	17%	Equity
Moray Leisure Limited	Moray	33%	n/a	Equity
Moray Integration Joint Board	Moray	50%	33%	Equity

Copies of Accounts for Associates and Joint Ventures are available at the following addresses:

Name of Associate	Address where Accounts are Available
Grampian Valuation Joint Board	Council Building, High Street, Elgin IV30 1BX
Moray Leisure Limited	Borough Briggs Road, Elgin, IV30 1AP
Moray Integration Joint Board	Council Building, High Street, Elgin, IV30 1BX

The tables below provide summarised financial information for those associates and joint ventures that are material to the Council. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the reporting entity's share of those amounts.

Note 4 Nature of the Group and Group Members (continued)

Summarised balance sheet

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	Restated		Restated		2021/22	2022/23
	2021/22	2022/23	2021/22	2022/23		
	£000	£000	£000	£000	£000	£000
Current assets						
Cash and cash equivalents	1,380	1,205	215	186		
Other current assets	90	85	145	153	17,021	4,683
Total current assets	1,470	1,290	360	339	17,021	4,683
Non-current assets	730	10,942	364	329	-	-
Current liabilities	(933)	(705)	(464)	(463)	-	-
Non-current liabilities	(503)		(420)	(294)	-	-
Net assets/(liabilities)	764	11,527	(160)	(89)	17,021	4,683
Reconciliation to carrying amounts:						
Opening net assets/(liabilities)	998	764	352	(160)	6,342	17,021
Surplus/(deficit) for the period	(234)	10,763	(512)	72	10,679	(12,338)
Closing net assets/(liabilities)	764	11,527	(160)	(88)	17,021	4,683
Reporting entity's share (%)	17	17	43	33	50	50
Reporting entity's share	130	1,960	(69)	(29)	8,511	2,342
Carrying amount	130	1,960	(69)	(29)	8,511	2,342

Note 4 Nature of the Group and Group Members (continued)

Summarised Statements of Comprehensive Income and Expenditure

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	Restated		Restated			
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000	£000	£000
Revenue	(4,560)	4,894	(2,236)	(3,321)	(164,487)	(156,443)
Interest Income	(12)	(27)				
Depreciation and Amortisation	34	34	81	88	-	-
(Surplus)/deficit for the period	185	396	(512)	72	(10,679)	12,338
Other Comprehensive Income and Expenditure	49	(11,159)	-	-	-	-
Total Comprehensive Income and Expenditure	234	(10,763)	(512)	72	(10,679)	12,338

Inclusion of Associate and Joint Venture entities has increased reserves and net assets in the group by £4.272m due mainly to the reserves of Moray Integration Joint Board, as well as a smaller increase in reserves for Grampian Valuation Joint Board and a small decrease for Moray Leisure Limited.

Other Entities in which the Council has an Interest

During the year the Council had an interest in Grampian Venture Capital Fund Limited and the Highlands and Islands Transport Partnership (HITRANS). These companies have been excluded from the Group Accounts on the basis that the Council has no exposure to commercial risk from the companies and the Council has not passed on control of any of its assets to the companies. The financial transactions of the companies would also have no material effect on the Council's accounts.

	Grampian Venture Capital Fund	HITRANS
Nature	Economic development	Local Government
Purpose	Provide equity funding for small and medium sized enterprises	To prepare transport strategies for the region
Size	Small business	Small business
Activities	Provider equity funding	Transport strategy preparation
Financed	455,000 ordinary shares issued	Contributions from 5 Constituent Authorities (Highland, Moray and 3 others)
Moray Council's share of voting control	20.44%	25%

Note 4 Nature of the Group and Group Members (continued)

Carrying amounts of the entities:

	Capital Fund		HITRANS	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
carrying amount of receivables	41	44	473	836
carrying amount of liabilities	-	-	750	796
Maximum exposure to loss	41	44	750	796

Note 5 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in these financial statements, the Council and its associates have had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council has entered into a Public Private Partnership (PPP) for the construction, maintenance and operation of two schools in Keith and Elgin (Keith Primary School and Elgin Academy) which have a carrying value of £11.474m and £48.388m respectively. The Council has also entered into a Design, Build, Finance and Maintain (DBFM) contract for the construction, maintenance and operation of Elgin High School, which has a carrying value of £36.287m. The Council has considered the tests under IFRIC 12 and concluded there are service concessions.
- The Council is part of a Defined Benefit Pension Scheme. In 2022/23 there was a pension asset. In preparing the accounts the Council has applied the asset ceiling test per IFRIC 14 which states that the amounts of net pension asset that can be recognised is the lower of either the amount of the net pension asset or the present value of any economic benefits available. The asset in the Council's balance sheet is the amount following the application of this test.
- Assets held at current value are revalued on a five year rolling basis as set out in the accounting policy for Property, Plant and Equipment. A proportion of assets are subject to a desktop valuation on the basis of local market indices as advised by the Council's Estates Manager. For assets not subject to a formal or desktop valuation in year, the Council's Estates Manager, who is a qualified Royal Institution of Chartered Surveyors (RICS) Valuer, has asserted that the carrying amount does not differ materially from that which would be determined using current value, and the Chief Financial Officer is content with this assertion.
- During 2022/23 the Council was responsible for the payment of business and other grants on behalf of the Scottish Government. In preparing the Annual Accounts it was considered whether these amounts met the definition of being a principal or an agency transaction. Relevant guidance issued by CIPFA LASAAC was considered and where amounts were deemed to be agency transactions, the amounts are not recognised in the Council's income or expenditure.

Note 6 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contains 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 2023 for which there is 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 (£1.233 billion)	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 buildings. 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 asset falls. It is estimated that the annual depreciation charge for buildings would increase by £1.756m for every year that useful lives had to be reduced.
	Assets held at fair value are revalued on a five year rolling basis by a professionally qualified Royal Institution of Chartered Surveyors (RICS) valuer, Additional valuations are carried out on an ad hoc basis outwith the tolling programme arrangements where it is deemed necessary. The valuer also assess assets not formally revalued for material movements and indexation is applied where applicable.	The estimated effect of a 1% change in the rate used for valuations would be a change up or down of £9.645m.
Pension Liability (£10.257 million)	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.	The effects on the net pension liability of changes in individual assumptions can be measured and are detailed in Note 42.
Pension Assets (£7.484 million)	Estimation of the expected return on Pension Assets.	Part of the pension fund is invested in Level 3 Investments. The nature of these investments means there is a greater risk and more uncertainty over their valuation. There may be an impact on net pension scheme liabilities depending on the stock market.

Note 7 Events after the Reporting Period

The unaudited Annual Accounts were issued on 28 June 2023, and the audited Annual Accounts were authorised for issue by Lorraine Paisey, Chief Financial Officer on 25 October 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 8 Expenditure and Funding Analysis

2021/22 Restated				2022/23				
Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Adjustments to Usable Reserves Permitted by Accounting Standards	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Adjustments to Usable Reserves Permitted by Accounting Standards	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000		£000	£000	£000	£000
68,247	8,613	-	76,860	Education	77,119	9,837	5,262	92,218
20,824	3,670	437	24,931	Education Resources & Communities	23,714	2,133	812	26,659
17,300	1,154	2	18,456	Social Work	15,507	1,008	875	17,390
2,719	1,281	544	4,544	General Services Housing and Property Services	4,987	1,714	555	7,256
25,444	12,056	750	38,250	Environmental & Commercial Services	28,295	13,521	2	41,818
4,285	780	-	5,065	Economic Growth & Development	4,254	882	-	5,136
5,329	1,103	-	6,432	HR, ICT & Organisational Development	5,830	1,237	-	7,067
5,507	623	-	6,130	Governance, Strategy & Performance	6,435	638	-	7,073
2,126	383	-	2,509	Financial Services	2,214	347	-	2,561
2,610	(848)	-	1,762	Other	2,503	(882)	-	1,621
49,601	3,477	66	53,144	Health and Social Care	58,572	3,368	129	62,069
(9,198)	(1,285)	4,124	(6,359)	Housing Revenue Account	(7,801)	2,807	2,844	(2,150)
194,794	31,007	5,923	231,724	Cost of Services	221,629	36,610	10,479	268,718
(199,360)	(22,426)	-	(221,786)	Other Income and Expenditure	(221,718)	(26,586)	-	(248,304)
(4,566)	8,581	5,923	9,938	(Surplus)/Deficit	(89)	10,024	10,479	20,414
			(44,273)	Opening General Fund and HRA Balance (Surplus) Deficit on General Fund and HRA Balance in year	(47,873)			
			(4,566)		(89)			
			966	Transfers from Reserves	(153)			
			(47,873)	Closing General Fund and HRA Balance at 31 March*	(48,115)			

*A split of this balance between the General Fund and the HRA is shown on the Movement in Reserves Statement.

Note 8 Expenditure and Funding Analysis (continued)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services as reported during the year. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Net Expenditure Chargeable to the General Fund and HRA balances differs from the outturn reported in the Management Commentary due to the movement in the bad debt provision, which is included in Financing and Investment Income and Expenditure.

Adjustments between the Funding and the Accounting Basis 2021/22 Restated

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education	6,478	2,055	325	(245)	8,613
Education Resources & Communities	1,318	1,972	482	(102)	3,670
Social Work	79	1,353	38	(316)	1,154
General Services Housing and Property Services	191	1,300	(41)	(169)	1,281
Environmental & Commercial Services	8,354	2,933	(7)	776	12,056
Economic Growth & Development	71	763	(27)	(27)	780
HR, ICT & Organisational Development	473	651	(18)	(3)	1,103
Governance, Strategy & Performance	-	667	(42)	(2)	623
Financial Services	8	371	4	-	383
Other	28	(869)	(5)	(2)	(848)
Health and Social Care	(18)	3,359	46	90	3,477
Housing Revenue Account	(1,667)	386	(4)	-	(1,285)
Net Cost of Services	15,315	14,941	751	-	31,007
Other Income and Expenditure	(23,044)	927	(309)	-	(22,426)
Total Adjustments	(7,729)	15,868	442	-	8,581

Note 8 Expenditure and Funding Analysis (continued)

Adjustments between the Funding and the Accounting Basis 2022/23

2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education	7,162	2,071	815	(211)	9,837
Education Resources & Communities	443	2,168	(382)	(95)	2,134
Social Work	20	1,277	(69)	(219)	1,009
General Services Housing and Property Services	577	1,315	59	(237)	1,714
Environmental & Commercial Services	9,445	2,871	317	888	13,521
Economic Growth & Development	135	773	3	(28)	883
HR, ICT & Organisational Development	612	647	(14)	(8)	1,237
Governance, Strategy & Performance	-	662	3	(27)	638
Financial Services	8	365	(27)	-	346
Other	-	(882)	-	(1)	(883)
Health and Social Care	140	3,372	(83)	(62)	3,367
Housing Revenue Account	2,384	408	15	-	2,807
Net Cost of Services	20,926	15,047	637	-	36,610
Other Income and Expenditure	(27,560)	1,285	(311)	-	(26,586)
Total Adjustments	(6,634)	16,332	326	-	10,024

a) Adjustments for Capital Purposes

This column adds back depreciation and impairment and revaluation gains and losses in the services line.

Adjustments to Other Income and Expenditure reflect:

Other Operating Expenditure - capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets and the movement on revaluation of held for sale financial assets.

Financing and Investment Income and Expenditure - the removal of statutory charges for capital financing, i.e. loans pool principal charges are deducted from Other Income and Expenditure. These amounts are not chargeable under generally accepted accounting practice.

Taxation and Non-Specific Grant Income - capital grants adjustments whereby income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 8 Expenditure and Funding Analysis (continued)

b) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For **Services** this reflects 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 Comprehensive Income and Expenditure Statement.

c) Other Differences

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For **Services** this reconciles the impact of accruals for accumulating compensated absences, e.g. holiday pay as required by IAS 19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute (£0.637m)

For **Financing and Investment Income and Expenditure** the entry recognises adjustments to the General Fund for the timing differences for premiums and discounts (£-0.311m)

d) Elimination of Internal Recharges

The Code requirements prohibit the inclusion of income and expenditure on a trading basis between segments in the Comprehensive Income and Expenditure Statement (CIES). As a consequence, internal transactions are not to be included in the CIES.

Note 9 Expenditure and Income Analysed by Segment and Nature

The authority's expenditure and income is analysed as follows. Segments have been identified based on the organisational structure used by the Council for internal management reporting.

Income and Expenditure 2021/22 Restated

	Education £000	Education Resources & Communities £000	Social Work £000	General Services Housing & Property Services £000	Environmental & Commercial Services £000	Economic Growth & Development £000	HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000
Employee expenses	66,773	22,093	10,060	10,067	22,821	5,630	4,869	4,801	2,713	803	25,451	3,040	927	180,048
Other service expenses	16,880	5,489	10,200	2,748	21,117	2,960	1,490	15,374	619	1,073	93,805	9,373	187	181,315
Depreciation, amortisation and impairment	6,478	1,755	81	735	9,104	1,018	473	-	8	28	48	2,457	-	22,185
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	12,282	12,282
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	8,707	8,707
Total Expenditure	90,131	29,337	20,341	13,550	53,042	9,608	6,832	20,175	3,340	1,904	119,304	14,870	22,103	404,537
Fees, charges & other service income	(359)	(1,712)	(144)	(7,846)	(14,575)	(2,187)	(390)	(13,170)	(809)	(142)	(66,118)	(21,229)	-	(128,681)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(240)	(240)
Income from council tax Government grants and contributions	(12,912)	(2,694)	(1,741)	(1,160)	(217)	(2,356)	(10)	(875)	(22)	-	(42)	-	(197,670)	(219,699)
Total Income	(13,271)	(4,406)	(1,885)	(9,006)	(14,792)	(4,543)	(400)	(14,045)	(831)	(142)	(66,160)	(21,229)	(243,889)	(394,599)
Net Expenditure	76,860	24,931	18,456	4,544	38,250	5,065	6,432	6,130	2,509	1,762	53,144	(6,359)		
(Surplus) or deficit on the provision of services														9,938

Note 9 Expenditure and Income Analysed by Segment and Nature (continued)

Income and Expenditure 2022/23

	Education £000	Education Resources & Communities £000	Social Work £000	General Services Housing & Property Services £000	Environmental & Commercial Services £000	Economic Growth & Development £000	HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000
Employee expenses	72,530	25,250	10,324	11,148	24,437	6,148	5,195	5,217	2,788	998	27,730	3,447	1,285	196,497
Other service expenses	19,595	5,261	10,438	4,145	24,845	4,073	1,643	15,089	653	827	107,750	10,944	317	205,580
Depreciation, amortisation and impairment	12,424	1,255	20	1,452	10,000	137	612	-	8	-	269	5,229	-	31,406
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	12,377	12,377
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	492	492
Total Expenditure	104,549	31,766	20,782	16,745	59,282	10,358	7,450	20,306	3,449	1,825	135,749	19,620	14,471	446,352
Fees, charges & other service income	(508)	(2,228)	(132)	(8,462)	(17,256)	(2,724)	(383)	(12,488)	(888)	(94)	(73,002)	(21,770)	-	(139,935)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(1,123)	(1,123)
Income from council tax Government grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	(48,375)	(48,375)
	(11,823)	(2,879)	(3,260)	(1,027)	(207)	(2,498)	-	(745)	-	(111)	(680)	-	(213,277)	(236,507)
Total Income	(12,331)	(5,107)	(3,392)	(9,489)	(17,463)	(5,222)	(383)	(13,233)	(888)	(205)	(73,682)	(21,770)	(262,775)	(425,940)
Net Expenditure	92,218	26,659	17,390	7,256	41,819	5,136	7,067	7,073	2,561	1,620	62,067	(2,150)		
(Surplus) or deficit on the provision of services														20,412

Note 10 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 arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2021/22 Restated

	Usable Reserves				
	General Fund £000	HRA £000	Revenue Statutory Funds £000	Capital Receipts Reserve £000	Capital Grants & Receipts Unapplied Account £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,					
Pensions costs (transferred from the Pensions Reserve)	15,462	407	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(213)	(96)	-	-	-
Holiday pay (transferred to the Employee Statutory Adjustment Account)	755	(4)	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	13,868	(2,832)	-	-	-
Total Adjustment to Revenue Resources	29,872	(2,525)	-	-	-
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	(1,281)	-	-	-	1,281
Statutory provision for the repayment of debt (transfer to t	(10,035)	(1,377)	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(550)	(5,522)	-	-	-
Total Adjustments between Revenue and Capital Resources	(11,866)	(6,899)	-	-	1,281
Capital Resources					
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance new capi	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	-	-	-
Total Adjustments	18,006	(9,424)	-	-	1,281

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2022/23

	Usable Reserves				
	General Fund £000	HRA £000	Revenue Statutory Funds £000	Capital Receipts Reserve £000	Capital Grants & Receipts Unapplied Account £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,					
Pensions costs (transferred from the Pensions Reserve)	15,894	438	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(215)	(96)	-	-	-
Holiday pay (transferred to the Employee Statutory Adjustment Account)	622	15	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	14,571	(3,518)	-	-	-
Total Adjustment to Revenue Resources	30,872	(3,161)	-	-	-
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve					
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	(1,014)	-	-	-	1,014
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(2,402)	(1,708)	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	(2,085)	-	-	-
Total Adjustments between Revenue and Capital Resources	(3,416)	(3,793)	-	-	1,014
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance new capital expenditure					
	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	-	-	-
Total Adjustments	27,456	(6,954)	-	-	1,014

Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund

This note sets out the amounts set aside from the General Fund and HRA balances in Revenue Statutory Funds to provide financing for future expenditure plans and the amounts posted back from Revenue Statutory Funds to meet General Fund and HRA expenditure in 2022/23.

	Repairs and Renewals Fund	Insurance Fund	Total
	£000	£000	£000
Balance at 31 March 2021	2,728	1,406	4,134
Transfers in 2021/22	12	6	18
Balance at 31 March 2022	2,740	1,412	4,152
Transfers in 2022/23	57	30	87
Balance at 31 March 2023	2,797	1,442	4,239

Earmarked portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services	Devolved School Management	Early Years Childcare Expansion	Pupil Equity Funding	Transformation	Council Priorities	Covid-19 Funding	Other Funds	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	15,349	1,343	573	802	3,664	2,881	16,421	839	41,872
Transfers Out 2021/22	(10,349)	(55)	(573)	-	-	-	-	(428)	(11,405)
Transfers In 2021/22	-	-	-	244	1,816	7,000	5,838	44	14,942
Balance at 31 March 2022	5,000	1,288	-	1,046	5,480	9,881	22,259	455	45,409
Transfers Out 2022/23	-	(436)	-	(289)	-	-	-	(179)	(904)
Transfers In 2022/23	-	-	-	-	-	-	638	555	1,193
Balance at 31 March 2023	5,000	852	-	757	5,480	9,881	22,897	831	45,698

Devolved School Management (DSM)

This ring fenced reserve is a consolidation of the balances held by schools that are retained for the specific purpose of investing in services delivered at each individual school. The DSM scheme enables a policy of retaining resources at each school rather than returning the balances to a corporate fund. This policy aims to encourage schools to plan financially over the medium term.

Expansion of Funded early Learning and Childcare from 600 to 1140 hours

This ring fenced fund was the unspent balance of grant received from the Scottish Government for the expansion of Early Learning and Childcare from 600 hours to 1,140 hours, which was full expended in 2021/22.

Pupil Equity Funding

This ring fenced fund is the unspent balance of grant received the Scottish Government to provide targeted support for children and young people affected by poverty. The grant is paid on a financial year basis but spent over the academic year.

Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund (continued)

Transformation

The purpose of this fund is to set aside funding to initiate and advance the transformation of services and Improvement and Modernisation Programme projects.

Council Priorities

The purpose of this fund is to meet one-off expenditure which assists in achieving financial stability, as well as other measures facilitating the achievement of Council priorities.

Covid-19

The Scottish Government announced significant additional funding for expenditure related to the Covid-19 pandemic when the Local Government Settlement was approved – some of these are related to specific areas such as Education, others (mainly from Barnett consequentials) are not linked to particular issues. The unspent portions of this funding have been carried forward in an ear-marked reserve and will be released as appropriate, with any associated spending plans approved by members.

Other Funds

These funds are grants and contributions unspent at the reporting year end which have restrictions on their use. The largest individual component of these funds is for Employability and other large balances relate to amounts set aside for insurance claims beneath the Council's excess and to the Scottish Welfare Fund, which was set up in 2016/17 to be used to provide individuals with assistance for short term need and community care. Other funds held include unspent monies to be used to upgrade/maintain Sanquhar Loch in Forres, amounts to cover core path maintenance and upgrading within and outside the boundary of Dorenell Windfarm, Nursery snack funds and funding approved to be used to alleviate the cost of living crisis.

Note 12 Other Operating Expenditure

	2021/22	2022/23
	£000	£000
Losses on disposal of non-current assets	8,707	492
	8,707	492

Note 13 Financing and Investment Income and Expenditure

	2021/22	2022/23
	£000	£000
Interest payable and similar charges	12,282	12,377
Net interest on the net defined benefit liability	928	1,285
Interest receivable and similar income	(236)	(1,119)
Income and expenditure in relation to investment properties	(4)	(4)
Expected credit losses on financial assets	187	317
	13,157	12,856

Note 14 Taxation and Non-Specific Grant Income

	2021/22	2022/23
	£000	£000
Council tax income	(45,979)	(48,375)
Non domestic rates	(41,260)	(54,575)
Non-ring fenced government grants	(142,144)	(136,845)
Capital grants and contributions	(14,267)	(21,857)
	<u>(243,650)</u>	<u>(261,652)</u>

Note 15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of 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

All expenditure on the acquisition, creation, enhancement or replacement of a part of an asset is capitalised providing the asset yields benefit for more than one year to the Council and the services it provides and the cost can be reliably measured. Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price, and
- Any costs attributable to bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets except for vehicles, where the calculation is pro-rata based on the month of acquisition. In the year of disposal, no depreciation is charged. The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Council Dwellings - up to 50 years

Other Land and Buildings - Buildings up to 65 years, land is not depreciated

Vehicles, Plant, Furniture and Equipment - 3 to 12 years

Infrastructure - up to 40 years

Community Assets - up to 40 years

Surplus Assets - Buildings up to 60 years, land is not depreciated

Where a material item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Note 15 Property, Plant and Equipment (continued)

Comparative Movements in 2021/22 Restated

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation							
At 1 April 2021	349,770	423,002	51,691	711	2,652	66,128	893,954
Additions	6,856	5,538	3,340	163	-	16,386	32,283
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	25,740	45,904	-	-	242	-	71,886
Revaluation (decreases) recognised in the Surplus on the Provision of Services	3,459	(1,856)	-	-	115	(1,165)	553
Derecognition – disposals	-	-	(361)	-	-	-	(361)
Derecognition – other	-	(8,796)	-	-	-	-	(8,796)
Assets reclassified (to)/ from Held for Sale	-	(1,571)	-	-	(160)	-	(1,731)
Other movements in cost or valuation	5,616	48,169	265	-	(22)	(54,052)	(24)
At 31 March 2022	391,441	510,390	54,935	874	2,827	27,297	987,764
Accumulated Depreciation and Impairment							
At 1 April 2021	8,279	57,490	34,424	345	124	-	100,662
Depreciation charge	8,664	11,380	2,468	13	28	-	22,553
Depreciation written out to the Revaluation Reserve	(13,291)	(51,018)	-	-	(94)	-	(64,403)
Depreciation written out to the Surplus on the Provision of Services	(2,917)	(3,287)	-	-	-	-	(6,204)
Derecognition – disposals	-	-	(305)	-	-	-	(305)
Derecognition – other	-	(1,539)	-	-	-	-	(1,539)
Assets reclassified (to)/ from Held for Sale	-	(153)	-	-	(6)	-	(159)
Other movements in depreciation and impairment	-	-	-	-	28	-	28
At 31 March 2022	735	12,873	36,587	358	80	-	50,633

Note 15 Property, Plant and Equipment (continued)

Movement in 2022/23

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation							
At 1 April 2022	391,441	510,583	54,935	874	3,045	27,297	988,175
Additions	8,497	4,464	4,945	184	-	14,199	32,289
(decreases) recognised in the Revaluation Reserve	12,197	6,501	-	-	(323)	-	18,375
recognised in the Surplus on the Provision of Services	(4,730)	-	-	-	-	-	(4,730)
Derecognition – disposals	-	(433)	(1,790)	-	-	-	(2,223)
Derecognition – other	-	-	-	-	-	(266)	(266)
Assets reclassified (to)/ from Held for Sale	-	(397)	-	-	(101)	-	(498)
valuation	5,669	177	-	-	(308)	(6,125)	(587)
At 31 March 2023	413,074	520,895	58,090	1,058	2,313	35,105	1,030,535
Accumulated Depreciation and Impairment							
At 1 April 2022	735	12,873	36,587	358	80	-	50,633
Depreciation charge	8,857	16,144	3,087	17	41	-	28,146
Depreciation written out to the Revaluation Reserve	-	(28,257)	-	-	-	-	(28,257)
Depreciation written out to the Surplus on the Provision of Services	(8,592)	-	-	-	-	-	(8,592)
Derecognition – disposals	-	-	(1,629)	-	-	-	(1,629)
At 31 March 2023	1,000	760	38,045	375	121	-	40,301
Net Book Value							
at 31 March 2022	390,706	497,517	18,348	516	2,747	27,297	937,131
at 31 March 2023	412,074	520,135	20,045	683	2,192	35,105	990,234

Note 15 Property, Plant and Equipment (continued)

In accordance with the temporary relief offered by Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

	2021/22 £'000	2022/23 £'000
Net Book Value		
at 1 April	234,935	238,050
Additions	9,554	12,263
Depreciation	(6,439)	(7,112)
At 31 March	238,050	243,201

	31/03/2022	31/03/2023
Infrastructure Assets	238,050	243,201
Other PPE Assets	937,130	990,234
Total PPE Assets	1,175,180	1,233,435

The authority has determined in accordance with Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities that the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken and accounted for as a nil amount. In accordance with the circular the authority is not required to make subsequent adjustments to the carrying amount of the asset with respect to that part.

Capital Commitments

At 31 March 2023, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £5.304m (2021/22 £6.874m). The major contract is:

	£000
NESS Energy from Waste	5,304
	5,304

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years, with an indexation exercise carried out in the intervening years. All valuations are carried out internally by the Council's Asset Manager (Commercial Property) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). A proportion of assets are subject to a desktop valuation on the basis of local market related indices at 31 March 2023. Such valuations were applied following consultation with the Council's Asset Manager (Commercial Property).

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

- Infrastructure, community assets and assets under construction - depreciated historical cost;
- Council dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH);
- School buildings - current value, but because of their specialised nature are measured at depreciated replacement cost (DRC) which is used as an estimate of current value;
- Surplus assets - current value as estimated as highest and best use from an open market perspective (fair value);
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value) except for the Headquarters Campus buildings which are too large to be marketed as office accommodation and are measured at depreciated replacement cost as an estimate of current value.

Note 15 Property, Plant and Equipment (continued)

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Carried at historical cost	-	-	58,090	1,058	-	35,105	94,253
Valued at current value as at:							
31 March 2023	19,749	50,109	-	-	(476)	-	69,382
31 March 2022	47,728	123,808	-	-	41	-	171,577
01 April 2020	333,520	42,120	-	-	(194)	-	375,446
01 April 2019	8,116	36,378	-	-	1,282	-	45,776
01 April 2018	3,961	268,480	-	-	1,660	-	274,101
Total cost or valuation	413,074	520,895	58,090	1,058	2,313	35,105	1,030,535

Note 16 Heritage Assets

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

The Council's policy (including its Common Good and Trusts) for the acquisition, presentation, management and disposal of museum and art collections is contained in the Museum's Service "Acquisition and Disposal Policy" and for the Council's archives within the Local Heritage Service Collection Policy, both of which are available on the Council's website.

The movement in Heritage Assets during 2022/23 is as follows:

	Cultural £000	Modern Statues £000	Museums Collections £000	Total Heritage Assets £000
Valuation at 1 April 2021	126	105	920	1,151
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2022	126	105	920	1,151
Valuation at 1 April 2022	126	105	920	1,151
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2023	126	105	920	1,151

The amount included above for the museum's collections is based on insurance valuations. Other Heritage Assets are valued at historic cost.

The following table shows assets that may be regarded as Heritage Assets but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet.

Note 16 Heritage Assets (continued)

Assets excluded from Heritage Assets	Estimated number of assets	
	31 March 2023	
Archive Material	circa	1,000,000
Monuments and Fountains		11
War Memorials		46

Note 17 Investment Property

Investment Property is property held 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 the production of goods or is held for sale.

Investment Property is measured initially at cost and thereafter at fair value, being the price that would be received by selling such an asset in an orderly transaction between market participants at the measurement date. Investment Property is measured at highest and best use and the properties are not depreciated. Properties are reviewed each year and if it is deemed that there has been a material change in value or circumstance are revalued. Gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES). The same treatment applies to gains and losses on disposal.

Gains and losses on revaluation and disposal reflected in the CIES are not charges to the General Fund and are transferred to the Capital Adjustment Account and Capital Receipts Reserve and reported in the Movement in Reserves Statement.

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

	2021/22	2022/23
	£000	£000
Rental Income from investment property	4	4
Net gain	4	4

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 for repairs, maintenance or enhancement.

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

	2021/22	2022/23
	£000	£000
Balance at start of the year	862	222
Transfers (to)/from Property, Plant and Equipment	-	173
Disposals	(640)	-
Balance at end of the year	222	395

Note 18 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licences. All software is given a finite life based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the software suites used by the Council are:

Expected Useful Life	Licences
	£000
5 - 6 years	252

The carrying amount of licences is amortised on a straight line basis. The amortisation of £0.007m charged to revenue in 2022/23 (2021/22 £0.013m) was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Assets during the year is as follows:-

	2021/22	
	Restated	2022/23
	£000	£000
Balance at start of the year:		
Gross carrying amount	252	252
Accumulated amortisation	(209)	(216)
Net carrying amount at start of year	43	36
Amortisation for the period	(7)	(7)
Net carrying amount at end of year	36	29
Gross carrying amount	252	252
Accumulated amortisation	(216)	(223)
	36	29

Note 19 Financial Instruments

Financial Instruments – Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The financial liabilities held during the year are measured at amortised cost and comprised:

- Long term loans from the Public Works Loan Board (PWLB) and commercial lenders;
- Short term loans from other local authorities;
- Lease payables detailed in note 39;
- Public Private Partnership contracts detailed in note 40;
- Trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:
 - Cash in hand;
 - Bank current and deposit accounts with Bank of Scotland, Standard Life Liquidity Fund, Federated Short Term Sterling Liquidity Fund, Blackrock Liquidity Fund, Insight Liquidity Fund and CCLA Public Sector Fund;
 - Trade receivables for goods and services provided.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instruments – Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories

	2021/22		2022/23	
	Long Term £000	Short Term £000	Long Term £000	Short Term £000
Amortised Cost:				
Borrowing	160,784	75,973	152,897	88,123
Creditors	55,207	44,360	54,346	48,254
Total	215,991	120,333	207,243	136,377

Note 19 Financial Instruments (continued)

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

	2021/22			2022/23		
	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Total	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Total
	£000	£000	£000	£000	£000	£000
Interest Expense	12,282	-	12,282	12,377	-	12,377
Impairment Losses	-	261	261	-	444	444
Total expense in Surplus or Deficit on the Provision of Services	12,282	261	12,543	12,377	444	12,821
Interest Income	-	(236)	(236)	-	(1,119)	(1,119)
Total income in Surplus or Deficit on the Provision of Services	-	(236)	(236)	-	(1,119)	(1,119)
Net (gain)/loss for the year	12,282	25	12,307	12,377	(675)	11,702

Financial Instruments – Fair Value

Financial instruments are carried in the Balance Sheet at fair value. For most assets, the fair value is the market price.

The fair value of financial instruments classified at amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans;
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lender’s options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their option when the market rates have risen above the contractual loan rate;
- The fair value of other long-term loans have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March;
- The fair values of finance lease assets and liabilities and of PPP scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield;
- No early repayment or impairment is recognised for any financial instrument;
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Financial Assets

	Fair Value Level	2021/22		2022/23	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Short Term Debtors	2	15,252	15,252	15,020	15,020
Long Term Debtors	2	484	484	439	439
Cash & Cash Equivalents	2	15,409	15,409	11,034	11,034
Total		31,145	31,145	26,493	26,493

Note 19 Financial Instruments (continued)

At 31 March 2023 the Council's financial assets show the carrying value equal to fair value, the same as the previous year. This is mainly due to a large proportion of the amount being short term financial assets (£13.409m).

Financial Liabilities	Fair Value Level	2021/22		2022/23	
		Carrying	Fair Value	Carrying	Fair Value
		Amount	Amount	Amount	Amount
		£000	£000	£000	£000
Financial liabilities held at amortised cost:					
Short Term Creditors	2	35,434	35,434	37,785	37,785
Short Term Borrowing	2	75,973	75,973	88,123	88,123
Other Long Term liabilities	2	3,876	3,876	271	4,337
Long Term Borrowing - LOBOs	2	33,901	33,901	34,109	34,109
Long Term Borrowing	2	126,883	210,802	118,788	142,732
PPP and Finance Lease liabilities	2	51,331	74,485	50,009	59,725
Total		327,398	434,471	329,085	366,811

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans with the Public Works Loan Board (PWLB) which are not based on market terms. It also includes the Education Services Public Private Partnership 30 year finance lease for Elgin Academy and Keith Primary and the Design, Build, Finance and Maintain 25 year lease for Elgin High School.

Fair Value Disclosure of PWLB Loans

The fair value of PWLB loans of £147.615m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, a supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £152.897m of total long term borrowing would be valued at £176.841m. However, if the Council sought to repay the loans to the PWLB, the exit price for the PWLB loans would be £260.560m.

Note 20 Inventories

2021/22

	Balance at 1 April	Purchases	Recognised as an expense in the year	Balance at 31 March
	£000	£000	£000	£000
Building Services	271	695	(708)	258
Fleet Services	256	2,764	(2,696)	324
Roads Maintenance	205	434	(454)	185
Donated PPE	478	307	(136)	649
Other	295	1,393	(1,462)	226
Total	1,505	5,593	(5,456)	1,642

2022/23

	Balance at 1 April	Purchases	Recognised as an expense in the year	Balance at 31 March
	£000	£000	£000	£000
Building Services	258	978	(862)	374
Fleet Services	324	3,106	(3,143)	287
Roads Maintenance	185	759	(745)	199
Donated PPE	649	-	-	649
Other	226	1,752	(1,673)	305
Total	1,642	6,595	(6,423)	1,814

Note 21 Short Term Debtors

	2021/22	2022/23
	£000	£000
Trade Receivables	1,239	1,858
Prepayments	1,765	1,222
Other Receivable Amounts	12,059	11,113
Debtors from Local Taxation	1,954	2,050
Total as per Balance Sheet	17,017	16,243
Prepayments included in debtors	(1,765)	(1,222)
Total Financial Assets Current Debtors	15,252	15,020

Note 22 Debtors from Local Taxation

	2021/22	2022/23
	Council Tax	Council Tax
	£000	£000
Less than 1 year	1,714	1,754
One to two years	2,922	2,994
Three to five years	2,610	2,726
More than 5 years	9,666	10,520
	16,912	17,994
Impairment Allowance	(14,958)	(15,944)
Total (net of impairment)	1,954	2,050

Note 23 Assets Held-for-Sale

When it becomes probable that the carrying amount of an asset (land and buildings) will be recovered through a sale rather than through its continued 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. Non-current assets held-for-sale are not depreciated.

Vehicles, Plant, Furniture and Equipment and assets that are to be abandoned or scrapped are not reclassified as Assets Held-for-Sale.

	Current Assets	Current Assets
	2021/22	2022/23
	£000	£000
Balance at 1 April	1,000	877
Assets reclassified from Property, Plant and Equipment	1,602	498
Revaluation gains/(losses)	(34)	-
Disposals	(1,691)	(912)
Balance at 31 March	877	463

Note 24 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 are investments that mature in three months or less from the balance sheet date and that are 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.

	2021/22	2022/23
	£000	£000
Cash Held by the Council	16	18
Bank Current/Call Accounts	15,393	11,016
Total	15,409	11,034

Note 25 Short Term Creditors

	2021/22	2022/23
	£000	£000
Trade Payables	16,222	27,209
Other Payables	31,122	26,081
Total as per Balance Sheet	47,344	53,290
Tax Creditors included above	(3,545)	(5,036)
Annual Leave Accrual included above	(7,825)	(8,462)
Receipts in advance included above	(540)	(2,007)
Total Financial Liabilities Current Creditors	35,434	37,785

Note 26 Provisions

	Equal Pay	Total
	£000	£000
Balance as at 1 April 2022	149	149
Settlements made/provision released in 2022/23	-	-
Increase in provision in 2022/23	-	-
Balance as at 31 March 2023	149	149

The Council believes that the amounts provided represent the best estimate of the total liability.

Note 27 Usable Reserves

The Council has several reserve funds within this category:

- The Insurance Fund covers the main classes of insurance and is earmarked to pay any uninsured losses on school buildings. The Repairs and Renewal Fund provides for the upkeep of property assets held by the Council. Together these are the Revenue Statutory Funds on the Balance Sheet;
- The Capital Fund is used to meet the costs of capital investments in assets and for the repayment of the principal element of borrowings;
- Capital Grants and Receipts Unapplied 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;
- The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

The movements on the Usable Reserves are detailed in the Movement in Reserves Statement and in Notes 10 and 11. A summary of the Reserves is also shown on the Balance Sheet.

Note 28 Unusable Reserves

2021/22		2022/23
Restated		£000
£000		£000
408,211	Capital Adjustment Account	414,984
417,278	Revaluation Reserve	452,576
(5,716)	Financial Instruments Adjustment Account	(5,404)
(7,825)	Employee Statutory Adjustment Account	(8,462)
(54,558)	Pensions Reserve	(2,773)
757,390		850,921

Capital Adjustment Account

The Capital Adjustment Account absorbs the 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 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.

2021/22		2022/23	
Restated		£000	£000
£000			
396,945	Balance at 1 April		408,211
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(23,084)	Charges for depreciation and impairment of non-current assets	(26,666)	
7,782	Revaluation losses on Property, Plant and Equipment	(4,731)	
(13)	Amortisation of Intangible Assets	(7)	
	Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income and Expenditure Statement	(1,506)	
(25,303)			(32,910)
4,818	Adjusting amount written out of the Revaluation Reserve		11,333
(20,485)	Net written out amount of the cost of non-current assets consumed in the year		(21,577)
	Capital financing applied in the year:		
14,267	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	21,857	
-	Application of grants to capital financing from the Capital Grants Unapplied Account	298	
11,412	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	4,110	
6,072	Capital expenditure charged against the General Fund and HRA balances	2,085	
31,751			28,350
408,211	Balance at 31 March		414,984

Note 28 Unusable Reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

2021/22		2022/23	
Restated		£000	£000
292,449	Balance at 1 April		417,278
140,844	Upward Revaluation of assets	46,631	
	Downward revaluation of assets and impairment losses not charged to the		
(5,274)	Surplus on the Provision of Services	-	
	Surplus /(deficit) on revaluation of non-current assets not posted to the		
135,570	Surplus on the Provision of Services		46,631
(5,923)	Difference between fair value depreciation and historical cost depreciation	(10,479)	
(4,818)	Accumulated gains on assets sold or scrapped	(854)	
(10,741)	Amount written off to the Capital Adjustment Account		(11,333)
417,278	Balance at 31 March		452,576

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 early redemption of loans. As a result, the balance on the Account at 31 March 2021 will be charged to the General Fund over the next 35 years

2021/22		2022/23
£000		£000
(6,025)	Balance at 1 April	(5,716)
	Proportion of premiums incurred in previous financial years to be charged	
309	against the General Fund balance in accordance with statutory requirements	312
(5,716)	Balance at 31 March	(5,404)

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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2021/22		2022/23
£000		£000
(7,074)	Balance at 1 April	(7,825)
7,074	Settlement or cancellation of accrual made at the end of the preceding year	7,825
(7,825)	Amounts accrued at the end of the current year	(8,462)
	Amount by which officer remuneration charged to the Comprehensive Income and	
	Expenditure Statement on an accruals basis is different from remuneration	
(751)	chargeable in the year in accordance with statutory requirements	(637)
(7,825)	Balance at 31 March	(8,462)

Note 28 Unusable Reserves (continued)

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

2021/22	2022/23
£000	£000
(51,963) Balance at 1 April	(54,558)
13,274 Remeasurements (assets and liabilities)	68,117
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	(33,608)
(31,510)	(33,608)
15,641 Employer's pensions contributions and direct payments to pensioners payable in the year	17,276
(54,558) Balance at 31 March	(2,773)

Note 29 Capital Grants and Receipts Unapplied Account

The Capital Grants and Receipts Unapplied Accounts holds the grant 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. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and the financial year in which this can take place.

It also holds capital receipts to fund qualifying expenditure on service transformation and service redesign projects.

	2021/22	2022/23
	£000	£000
Capital Grants		
Opening Balance	1,082	2,299
Additions	1,217	-
Applied	-	(298)
Closing Balance	2,299	2,001
Capital Receipts for Transformation Projects		
Opening Balance	2,722	3,730
Additions	1,281	1,014
Applied	(290)	(4,727)
Closing Balance	3,713	17
Interest on Revenue Balances	17	127
Total opening balance at 1 April	3,804	6,029
Total closing balance at 31 March	6,029	2,145

Note 30 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2021/22	2022/23
	£000	£000
Interest Received	240	1,121
Interest Paid	(12,351)	(11,875)

Note 31 Cash Flow Statement - Investing Activities

	2021/22	2022/23
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(41,664)	(44,617)
Other payments for investing activities	(3)	-
Other receipts from investing activities	18,552	23,520
Net cash flows from investing activities	(23,115)	(21,097)

Note 32 Cash Flow Statement - Financing Activities

	2021/22	2022/23
	£000	£000
Cash receipts of short-term and long-term borrowing	68,000	56,500
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(1,594)	(1,499)
Repayment of short and long-term borrowing	(85,152)	(52,736)
Other payments/(receipts) for financing activities	(2,350)	3,663
Net cash flows from financing activities	(21,096)	5,928

Note 33 Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April	Financing Cash Flows	2022/23		Balance at 31 March
			Changes which are not Financing Flows	Acquisition Other	
	£000	£000	£000	£000	£000
Long Term Borrowing	160,784	(7,887)	-	-	152,897
Short Term Borrowing	75,973	11,368	-	782	88,123
On balance sheet PFI liabilities	52,831	(1,500)	-	-	51,331
Other deferred liabilities	268	-	-	3	271
Total Liabilities from Financing Activities	289,856	1,981	-	785	292,622

Note 34 External Audit Costs

The agreed external audit fee for 2022/23 was £0.270m for work undertaken in accordance with the Code of Audit Practice (2021/22 £0.251m). In 2022/23 there are also fees of £0.005m on work to verify grant claims and £0.007m for work on Connected Charity Trust Funds.

Note 35 Councillors Remuneration

Details of Councillors Remuneration can be found in the Remuneration Report.

Note 36 Grant Income and Contributions

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23.

	2021/22	2022/23
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
General Revenue Grant	142,144	136,845
National Non Domestic Rate Income	41,260	54,575
Capital Grants and Contributions	14,267	21,856
Total	197,671	213,276
Credited to Services		
Housing Benefits	12,705	11,976
Private Sector Housing Grant	395	463
Home Energy Efficiency Programme Scotland	765	564
Covid Education Grants	543	-
Criminal Justice	1,336	1,456
Pupil Equity Funding (PEF)	1,673	1,484
ELC Expansion	10,452	9,359
PPP Funding	2,219	2,219
Ukrainian Resettlement Scheme	-	1,039
Moray Growth Deal	-	1,444
Employability Moray	4	652
Other Grants	3,989	4,839
Contributions		
Integration Joint Board	66,311	73,765
Other Contributions	241	268
NHS Grampian	114	271
Donations	1	2
Total	100,748	109,801

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

The balances at the year-end are as follows:

	2021/22	2022/23
	£000	£000
Grants received in advance		
Capital Grants	3,608	4,066
Other Grants	921	1,351
Total	4,529	5,417

Note 37 Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have potential to control or influence the Council, or to be controlled or influenced by the Council.

The Scottish 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 and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills). Government grants and contributions are included in note 35. The amounts outstanding at the year-end are included in creditors in note 25.

Members of the Council have direct control over the Council's financial and operating policies. During 2022/23 no works or services were commissioned from companies in which any member had a noted interest. Details of members' expenses are included in the Remuneration Report.

Moray Integration Joint Board

The Moray Integration Joint Board was established on 1 April 2016 as a partnership between Moray Council and NHS Grampian and is responsible for planning and overseeing the delivery of a full range of community health and social work services including those for older people. In the year 2022/23 the following financial transactions were made with Moray Council relating to the integrated and social care functions:

Transactions with other bodies are as follows:

	2021/22	2022/23	Debtors/(Creditors)	
	£000	£000	2021/22	2022/23
			£000	£000
NHS Grampian				
Funding received	114	271	82	93
Moray Integration Joint Board				
Funding received from MIJB	65,049	73,765	(1,282)	(1,836)
Contribution to MIJB	50,731	55,936	-	-
European Union				
Funding received	342	1,143	439	1,027
Grampian Valuation Joint Board				
Contribution to GVJB	792	776	-	-

During the year there were the following transactions between the Council and its subsidiaries:

	2021/22	2022/23
	£'000	£'000
Trust Funds	97	110
Common Good	31	24

Within the cash and cash equivalents balance as disclosed by the Council are a number of balances held on behalf of other bodies as follows:

	2021/22	2022/23
	£000	£000
Grampian Valuation Joint Board	1,380	1,205
Trust Funds	2,269	2,196
Common Good	3,897	3,982

The Council provided material financial assistance to Moray Leisure Limited of £0.664m in 2022/23 (2021/22 £0.534m).

Note 37 Related Parties (continued)

The Council participates in the following partnerships:

	2021/22	2022/23
	£000	£000
The Highlands and Islands Transport Partnership - contribution	47	47
Scotland Excel - contribution	76	79
SEEMIS Group LLP - contribution	94	103

Note 38 Capital Expenditure and Capital Financing

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

	2021/22	2022/23
	£000	£000
Opening Capital Financing Requirement	341,891	351,981
Capital Investment:		
Property, Plant and Equipment (incl Held for Sale)	41,840	44,552
Sources of Finance:		
Government grants and other contributions	(14,267)	(21,857)
Sum set Aside from Revenue:		
Direct revenue contributions	(6,072)	(2,085)
Loans fund principal	(11,412)	(4,110)
Closing Capital Financing Requirement	351,980	368,481
Explanations of movements in year:		
Increase/(decrease) in underlying need to borrow (supported by government financial assistance)	10,090	16,500
Increase/(decrease) in Capital Financing Requirement	10,090	16,500

During 2022/23 the Council has recognised £20.6 million of loans fund advances (2021/22 £21.5 million).

Note 39 Capitalisation of Borrowing Costs

Borrowing costs of £1.737m have been capitalised during 2022/23 (2021/22 £1.076m), using a capitalisation rate of 3.54%.

Note 40 Leases

Leases are classified as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Council as Lessee

Operating Leases

Rental paid under operation leases are charged to the appropriate service account in the Comprehensive Income and Expenditure Statement (CIES) as an expense of the services benefitting from use of the leased asset on a straight line basis over the term of the lease.

The Council rents land and buildings under the terms of operating leases.

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

	2021/22	2022/23
	£000	£000
Not later than one year	38	37
Later than one year and not later than five years	148	139
Later than five years	1,372	1,390
Total	1,558	1,566

The future minimum sublease payments expected to be received by the Council are £0.003m (2021/22 £0.002m).

The expenditure charged to the CIES during the year in relation to minimum lease payments was £0.037m (2021/22 £0.038m).

Council as Lessor

Operating Leases

Where the Council grants an operating lease the asset is retained on the Balance Sheet. The Council leases out various properties, predominately industrial units.

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

	2021/22	2022/23
	£000	£000
Not later than one year	758	717
Later than one year and not later than five years	2,782	2,722
Later than five years	31,940	32,109
Total	35,480	35,548

Note 41 Public Private Partnership and Similar Contracts

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where responsibility for making available the property, plant and equipment needed to provide those services passes to the contractor. As the Council is deemed to control the services that are provided under its scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contract 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 cost to purchase 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 contractor each year are analysed into five elements:

- fair value of 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. This is currently 8.39% for the Elgin Academy/Keith Primary School PPP scheme and 5.67% for the Elgin High School Design, Build, Finance and Maintain (DBFM) contract.
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability - applied to write down the Balance Sheet liability towards the operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs - debited to the relevant service in the Comprehensive Income and Expenditure Statement or recognised as additions to Property, Plant and Equipment when the relevant capital works are carried out.

Educational Services PPP Scheme

In 2011/12, the Council entered into a 30 year PPP contract for the construction, maintenance and operation of two schools in Keith and Elgin. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition. The annual unitary charge in 2022/23 was £5.367m (2021/22 £5.170m).

Educational Services DBFM Contract

In 2017/18, the Council entered into a 25 year DBFM contract for the construction, maintenance and operation of a new school in Elgin. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition. The Annual Service Charge in 2022/23 was £2.590m (2021/22 £2.545m).

Note 41 Public Private Partnership and Similar Contracts (continued)

Property, Plant and Equipment

	2021/22	2022/23
	£000	£000
Cost or valuation		
at 1 April	69,340	82,653
Additions	49	-
Revaluations	13,264	7,014
	82,653	89,667
Accumulated Depreciation		
At 1 April	7,994	-
Depreciation charge	2,670	3,230
Depreciation write back	(10,664)	(3,230)
	-	-
Net Book Value	82,653	89,667

Payments

Under the contracts the Council makes agreed payments each year which are increased by inflation. They can be reduced if the contractors fail to meet availability and performance standards in any year but are otherwise fixed. Payments remaining to be made under the contract at 31 March 2023 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2023/24	1,184	1,322	3,677	6,183
Payable within 2 to 5 years	4,735	6,173	13,713	24,621
Payable within 6 to 10 years	5,918	10,229	14,382	30,529
Payable within 11 to 15 years	5,919	15,332	10,038	31,289
Payable within 16 to 20 years	4,858	18,275	3,608	26,741
Total	22,614	51,331	45,418	119,363

Although the payments made to the contractors 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 contractors for capital expenditure incurred is as follows:

	2021/22	2022/23
	£000	£000
Balance outstanding at start of year	54,360	52,831
Payments during the year	(1,529)	(1,500)
Balance outstanding at year-end	52,831	51,331

Note 42 Pension Schemes Accounted for as Defined Contribution Schemes

The Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary.

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme administered by the Scottish Public Pensions Agency (SPPA), an executive agency of the Scottish Government. It is a defined benefit scheme providing 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.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme at a level to meet the cost of pensions as they accrue. It is not possible, however, for the Council to identify a share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of the annual accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £10.925m in respect of teachers' retirement benefits, of which £1.493m was outstanding at 31 March 2023. The amount payable represents 23% of pensionable pay. In 2021/22 the amounts paid were £9.787m of which £0.848m was outstanding at 31 March 2022, and 23% of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme.

Note 43 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in one scheme:

- The North East Scotland Local Government Pension Scheme which is administered by Aberdeen City Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.

There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute.

Transactions Relating to Post-employment Benefits

In relation to the Local Government Pension Scheme, 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 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.

Note 43 Defined Benefit Pension Schemes (continued)

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:

	Local Government Pension Scheme		Discretionary Benefits	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
Comprehensive Income and Expenditure Statement Cost of Services:				
Current Service Cost	30,278	31,986	-	-
Administration Expenses	304	337	-	-
	<u>30,582</u>	<u>32,323</u>	<u>-</u>	<u>-</u>
Financing and Investment Income and Expenditure:				
Net Interest Expense	640	922	288	364
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<u>31,222</u>	<u>33,245</u>	<u>288</u>	<u>364</u>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets	3,159	55,143	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(14,207)	(321,924)	(79)	(3,149)
Actuarial gains/(losses) arising from demographic changes	(4,032)	(17,301)	(72)	(309)
Other	1,918	55,111	39	873
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<u>18,060</u>	<u>(195,726)</u>	<u>176</u>	<u>(2,221)</u>
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(31,222)	(33,245)	(288)	(364)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	14,673	16,286	-	-
Retirement benefits payable to pensioners	-	-	968	990

Note 43 Defined Benefit Pension Schemes (continued)

Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
Present Value of the defined benefit obligation	(793,742)	(551,193)	(13,468)	(10,257)
Fair value of plan assets	752,652	558,677	-	-
Net asset/(liability) arising from defined benefit obligation	(41,090)	7,484	-	(13,468)

The Council has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Council's actuaries undertook this assessments and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Pension Scheme		Benefits	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
Opening Balance at 1 April	776,355	793,832	14,260	13,468
Current Service Cost	30,278	31,986	-	-
Interest Cost	16,172	22,050	288	364
Contributions from scheme participants	4,586	5,038	-	-
Remeasurement (gains)/losses:				
Actuarial (gains)/losses arising from changes in financial assumptions	(14,207)	(321,924)	(79)	(3,149)
Actuarial (gains)/losses arising from demographic changes	(4,032)	(17,301)	(72)	(309)
Other	1,918	55,111	39	873
Benefits paid	(17,328)	(17,509)	(968)	(990)
Closing Balance at 31 March	793,742	551,283	13,468	10,257

Note 43 Defined Benefit Pension Schemes (continued)

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

	Local Government Pension Scheme		Discretionary Benefits	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
Opening fair value of scheme assets	738,652	752,652	-	-
Interest Income	15,532	21,128	-	-
Remeasurement Gains:				
The return on plan assets, excluding the amount in the net interest expense	(3,159)	(55,143)	-	-
Contributions from employer	14,673	16,286	968	990
Contributions from employees into the scheme	4,586	5,038	-	-
Benefits paid	(17,328)	(17,509)	(968)	(990)
Other - administration expenses	(304)	(337)	-	-
Impact of the asset ceiling per IFRIC 14	-	(163,438)	-	-
Closing value of scheme assets	752,652	558,677	-	-

Local Government Pension Scheme assets comprised:

Fair value of scheme assets

	Quoted	Prices	Total
	Prices in	not Quoted in	
	Active	Active	
	Markets	Markets	£000
31 March 2022	£000	£000	£000
UK Equities	162,046	-	162,046
Overseas Equities	289,245	-	289,245
UK Government Bonds	61,717	-	61,717
Property	-	49,073	49,073
Private Equity	-	155,347	155,347
Global Infrastructure	13,021	-	13,021
Cash Instruments	-	22,203	22,203
Total Assets	526,029	226,623	752,652

Note 43 Defined Benefit Pension Schemes (continued)

	Quoted Prices in Active Markets	Prices not Quoted in Active Markets	Total
31 March 2023	£000	£000	£000
UK Equities	177,208	-	177,208
Overseas Equities	225,227	-	225,227
UK Government Bonds	46,360	-	46,360
Property	-	47,226	47,226
Private Equity	-	182,623	182,623
Global Infrastructure	15,381	-	15,381
Cash Instruments	-	28,090	28,090
Total Assets	464,176	257,939	722,115

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method and assets are measured at their fair value. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc.

The most recent actuarial valuation was carried out as at 31 March 2020 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund (NESPF), to take account of the requirements of IAS 19 in order to assess the liabilities of the Pension Funds as at 31 March 2023. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2021/22	2022/23	2021/22	2022/23
Mortality Assumptions:				
Longevity at 65 for current pensioners				
Men	21.5	21.0	21.5	21.0
Women	24.2	23.4	24.2	23.4
Longevity at 65 for future pensioners				
Men	23.0	22.4	-	-
Women	26.3	25.4	-	-
Rate of Inflation	3.30%	2.70%	3.50%	2.70%
Rate of increase in salaries	4.80%	4.20%	-	-
Rate of increase in pensions	3.40%	2.80%	3.60%	2.80%
Rate for discounting scheme liabilities	2.80%	4.80%	2.80%	4.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant.

Note 43 Defined Benefit Pension Schemes (continued)

	Increase in Assumption	Decrease in Assumption
	£000	£000
Impact on the Defined Benefit Obligation in the Scheme		
Longevity (increase or decrease in 1 year)	11,468	(11,468)
Rate of inflation (increase or decrease by 0.1%)	23,650	(23,650)
Rate of increase in salaries (increase or decrease by 0.1%)	2,573	(2,573)
Rate of increase in pensions (increase or decrease by 0.1%)	(43,656)	43,656

Funding Strategy Statement

The Funding Strategy Statement sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions and prudence in the funding basis.

The Pensions Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2020 and the results indicate that overall the assets represented 103% of projected accrued liabilities at the valuation date.

Investments that would most closely match the pension liabilities would be gilts, predominately index-linked, reflecting the nature of the Fund's liabilities. The Fund, however, invests in other assets in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular period. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2023, with March 2022 in brackets were: equities, including alternatives 83.15% (82.33%), bonds 6.42% (8.2%), property 6.54% (6.52%) and cash 3.89% (2.95%).

Impact on the Council's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2020 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 24 years and have maintained an employer contribution rate requirement of 19.3% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years. The latest triennial valuation was as at 31 March 2020 to determine a funding level and set the rates for 2021/22 onwards.

The employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2023 is £16.282m. Expected contributions for Discretionary Benefits in the year to 31 March 2024 are £1.014m.

The weighted average duration of the defined benefit obligation for scheme members at the 31 March 2020 valuation is 18 years.

Note 44 Contingent Liabilities

Bilbohall South Land

On 30 March 2016 the Council decided to remove the Western Link Road from the capital plan. Due to the cancellation of this project, the Council will be unable to comply with the terms of the purchase agreement with Grampian Housing Association (GHA) to buy land at Bilbohall South in Elgin. As a result the Council may have to re-purchase this site. This presents a potential financial risk to the Housing Revenue Account (HRA).

However, both the Council and GHA agreed to alter the missives to extend the buy-back period until 31 March 2024. In agreeing to the extension to the buy-back period both parties sought consent of the Scottish Government, which has assumed administrative responsibility for the grant given to GHA to purchase the site.

A masterplan for development of a wider area at Bilbohall has been finalised. The planning application was considered and approved at the meeting of Planning and Regulatory Services Committee on 23 March 2021. A tender for the contract was published in March 2021 but this resulted in no tenders being received with volatility in the supply chain cited as the reason. The same tender was reissued in December 2021 with a return date of 19 April 2022. The second tender has resulted in one tender received with a list of clarifications. The Council has engaged HUB North to act as Employers Agent. HUB North are facilitating detailed discussion with the contractor in an effort to resolve the clarifications, and arrive at a fixed price Design and Build contract which is acceptable to all parties. HUB North have only been partially successful in resolving approximately half of the qualifications but have not achieved a fixed price contract which is financially viable. The development continues to feature prominently in the Strategic Housing Investment Plan approved in December 2021, with high priority for allocation of Scottish Government More Homes Division Funding. CMT have been updated several times on the procurement difficulties. More Homes Board will consider procurement options on 11 May 2023.

Building Dilapidations

The Council leases a number of buildings which will required to be returned to their original leased condition at the end of the lease. Every attempt is made to maintain leased buildings in reasonable order, however, the Council has a potential liability to incur re-instatement costs where the condition has deteriorated below that of the original state, the extent of which cannot be reliably estimated.

Scottish Child Abuse Enquiry

Survivors of Historic Child Abuse in Care have the option of pursuing claims through civil proceedings and where the historical care provision crossed current local authority boundaries, any potential financial liability arising from such proceedings will be subject to agreement on a case by case basis amongst the local authorities concerned. It is therefore not possible to quantify any future claims.

Asbestos Related Illness

The Council is aware of two claims for asbestos related illness and is aware of others which may be pursued at a later date. Work is currently ongoing with other neighbouring Local Authorities on the detail of these. At the moment the extent of any costs to the Council is unknown, but could be significant.

Energy from Waste Project

Construction of the joint Local Authority Energy from Waste (EfW) plant in Aberdeen was impacted by the first national lockdown resulting from the Covid-19 pandemic. Under the terms of the agreement the primary supplier is permitted to claim for exceptional costs associated with a delay out with their control. The Project Board, representing the Local Authorities' interests, is in commercial negotiations as to the value of this claim. Until these negotiations progress to a later stage it is not possible to quantify the liability, which the Council would share with project partners Aberdeenshire and Aberdeen City Council.

Note 45 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.
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The procedures for risk management are set out through a legal framework based on the Local Government (Scotland) Act 2003 and associated regulations, which were both revised in December 2017. These require the Council to comply with CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management and Investment Regulations. The Council's management of treasury risks are structured to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services by:

- formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- the adoption of a Treasury Management Strategy Statement and incorporating this into the Council's Financial Regulations.
- approving annually in advance the Council's prudential and treasury indicators and reporting on performance;
- approving an Investment Strategy for the forthcoming year.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks, building societies and Money Market Funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The credit criteria in respect of financial assets held by the Council at 31 March 2023 are detailed below.

Financial Asset Category	Criteria
Banks	Long-Term BBB+
Building Societies	Long-Term BBB+
Money Market Funds	Long-Term AAAmmf (Fitch) or equivalent

The maximum investment with the Council's own bankers (Bank of Scotland) is £10m and other organisations meeting the above criteria is £5m.

In addition to the above, the Council can also invest in Local Authorities and the Debt Management Office. A limit of £5m is set for any Local Authority and there is no limit for the Debt Management Office as it is part of HM Treasury which has the UK Government's AA+ rating.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year. The Council does not expect any losses from non- performance by any of its counterparties in relation to deposits and bonds.

	Estimated maximum exposure to default and uncollectability	Amounts at 31 March 2023	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 22	Estimated maximum exposure to default and uncollectability
	£000	£000	%	%	£000
Customers	3,063	3,875	13.90	13.90	539
Total	3,063	3,875			539

Note 45 Nature and Extent of Risks Arising from Financial Instruments (continued)

Debtors

The Council does not generally allow credit for customers. As a result, £3.544m of the £3.875m balance is past its due date for payment (2021/22 £2.830m). The past due but not impaired amount can be analysed by age as follows:

	2021/22	2022/23
	£000	£000
Less than six months	1,652	1,962
Six months to one year	359	681
More than one year	819	901
Total	2,830	3,544

The impairments made, analysed by age are as follows:

	2021/22	2022/23
	£000	£000
Less than six months	-	-
Six months to one year	180	341
More than one year	819	901
Total	999	1,242

Liquidity Risk

The Council can borrow from the Public Works Loan Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Although the Council has 22.13% of its current debt maturing within the period 2051/52 to 2055/56, it is continually reviewing its borrowing position to minimise the financial impact of debt maturing at any one time in the future and possibly exposing the Council to unfavourable interest rates. With the assistance of its treasury advisers, the Council manages this risk through prudent planning of new loans taken out where economic to do so.

The maturity structure of financial liabilities is as follows (at nominal value):

	2021/22		2022/23	
	£000		£000	
		Average Rate		Average Rate
Repayment less than 1 year	75,973	2.41%	88,123	2.16%
Repayment between 1 and 2 years	8,035	2.49%	7,250	3.06%
Repayment between 2 and 5 years	17,710	2.83%	15,740	2.94%
Repayment between 5 and 10 years	22,356	3.48%	20,116	4.93%
Repayment between 10 and 15 years	15,606	6.13%	14,716	6.35%
Repayment in more than 15 years	97,077	5.43%	95,075	5.40%
	236,757		241,020	

The above figures are the contractual maturity amounts of the loans.

Note 45 Nature and Extent of Risks Arising from Financial Instruments (continued)

Market Risk

Interest Rate Risk

The Council is exposed to interest rate risk in two different ways: the first being the uncertainty of interest paid/received on variable rate instruments and the second being the effect of fluctuations in interest rates of the fair value of an instrument.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost but will impact on the disclosure note for fair value.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance sheet for the majority of liabilities held at amortised cost but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% of total borrowing.
- During periods of falling rates and where it is economically advantageous, the Council will consider the repayment or restructuring of fixed interest rate loans.
- The Council monitors interest rates daily to assist in decisions for lending of surplus cash and new borrowings.

The Council has a strategy for assessing interest rate exposure. The analysis will advise whether new borrowing taken out is fixed or variable. During 2022/23 the Council did take out several variable rate temporary borrowing loans.

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2021/22	2022/23
	£000	£000
Increase in interest payable on variable rate borrowing	127	244
Impact on Comprehensive Income and Expenditure Statement	127	244

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost for the year ended 31 March 2023 of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2021/22	2022/23
£000	£000
Income	
(20,555) Dwelling Rents	(20,975)
(187) Non Dwelling Rents	(193)
(487) Other Income	(602)
<u>(21,229) Total Income</u>	<u>(21,770)</u>
Expenditure	
4,453 Supervision and Management	5,170
7,305 Repairs and Maintenance	8,482
151 Bad and Doubtful Debts	204
9,564 Depreciation and Impairment of Non-Current Assets	9,090
(7,359) Revaluation losses on Non-Current Assets	(3,861)
41 HRA Share of Corporate and Democratic Core Costs	60
463 Other Expenditure	475
<u>14,618 Total Expenditure</u>	<u>19,620</u>
(6,611) Net Cost of HRA Services	(2,150)
2,824 Interest Payable and Similar Charges	2,749
(35) Interest and Investment Income	(173)
21 Net Interest on the Defined Benefit Liability	30
(1,165) Capital Grants and Contributions Receivable	(8,747)
<u>(4,966) (Surplus)/Deficit for the Year on HRA Services</u>	<u>(8,291)</u>

Movement on the Housing Revenue Account Statement

2021/22	2022/23
£000	£000
(4,966) (Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	(8,291)
(4,124) Adjustments to Usable Reserves permitted by Accounting Standards	(2,264)
Adjustments between accounting basis and funding basis under regulations	
Difference between interest payable and similar charges determined in accordance with the	
96 Code and those determined in accordance with statute	96
5,522 Capital expenditure funded by the Housing Revenue Account	2,085
(407) HRA share of contributions to/(from) the Pensions Reserve	(438)
4 Employee Statutory Adjustment Account	(15)
Transfers to/from the Capital Adjustment Account:	
(5,440) Depreciation and Impairment of Non-Current Assets	(6,826)
7,359 Revaluation losses on Property, Plant and Equipment	3,861
1,377 Loans fund principal repayments	1,708
1,165 Capital Grants applied	8,747
586 Net Decrease Before Transfers to Reserves	(1,337)
Transfers to/(from) Reserves	
9 IORB and Statutory Funds	43
(659) Transfers to/(from) Reserves	1,341
(650)	1,384
(64) (Increase)/decrease in the year on the HRA	47
(2,401) Housing Revenue Account Balance Brought Forward	(2,465)
(2,465) Housing Revenue Account Balance Carried Forward	(2,418)

Notes to the Housing Revenue Account

1. Number and Type of Dwelling House

The Council dwelling house stock as at 31 March was as follows:-

		2021/22	2022/23
		Number of Dwellings	Number of Dwellings
Bedsit	Houses and Bungalows	20	20
	Flats and Maisonettes	24	24
1 bedroom	Houses and Bungalows	1,079	1,079
	Flats and Maisonettes	711	719
2 bedroom	Houses and Bungalows	2,221	2,222
	Flats and Maisonettes	691	691
3 bedroom	Houses and Bungalows	1,267	1,299
	Flats and Maisonettes	99	99
4 or more bedroomed	Houses and Bungalows	175	179
	Total	6,287	6,332

2. Rent Arrears

The total rent arrears, including rents outstanding from former tenants, as at 31 March 2023 was £0.998m which is 4.76% of gross rental income. This is equivalent to £157.54 per house (2021/22 £0.794m, 3.86%, £126.21).

3. Impairment of Debtors

The provision for uncollectable debts has increased by £0.101m (decrease in 2021/22 £0.008m). The total provision for uncollectable debts including rechargeable repairs is £0.375m (2021/22 £0.274m).

4. Voids

The loss of rental on void properties for the year was £0.220m (2021/22 £0.266m).

Council Tax Income Account

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

On 1 April 1993, the Council Tax replaced the Community Charge. It is a property based tax which relates to the capital value of domestic properties at 1st April 1991, as determined by the Assessor, with each property being placed in a Valuation Band, between A and H. The Assessor publishes a Valuation List which contains information on each property and the band to which it has been assigned. All properties in the Valuation List are liable for Council Tax, but some may be exempt from payment or may attract a discount depending on whether they are unoccupied, the number of persons in occupation and/or the status of the person(s) resident.

2021/22		2022/23
£000		£000
60,143	Council Tax Levied and Contributions in Lieu	62,656
	Deduct:	
(4,016)	Local Council Tax Reduction Scheme	(4,059)
<u>(8,983)</u>	Other discounts and reductions	<u>(9,378)</u>
<u>47,144</u>	Total for Year	<u>49,219</u>
	(54) Council Tax adjustment in respect of prior years	142
(1,111)	Allowance for impairment of uncollectable debts	(986)
<u>45,979</u>	Transfers to General Fund	<u>48,375</u>

Council Tax Levy

In order to encourage empty home owners to bring their properties back into use to increase the supply of housing in Scotland, the Scottish Government introduced the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012. This legislation allowed Councils to remove the discount for Council Tax on certain types of unoccupied homes and to increase the level of Council Tax payable on these properties.

The new powers came into effect on 1 April 2013 and Moray Council decided to use these new powers to introduce an additional levy on properties which have been unoccupied for more than twelve months. This additional levy was set at 50% from 1 April 2014 rising to 100% from 1 April 2015. During 2022/23 Moray Council collected £0.5m (2021/22 £0.4m) from the implementation of this policy. This amount is included in the figures above.

Council Tax Income Account (continued)

Calculation of Council Tax Base Number of Dwellings

	Number of Dwellings	Number of Exemptions/Reliefs	Discounts		Total Equivalent Dwellings	Ratio to Band D	Band D Equivalent
			25%	Other			
Band A	11,973	851	1,566	215	9,341	6/9	6,224
Band B	10,532	543	1,064	194	8,731	7/9	6,791
Band C	7,173	435	588	140	6,010	8/9	5,342
Band D	6,712	501	441	99	5,671	9/9	5,671
Band E	6,490	230	325	92	5,843	473/360	7,677
Band F	2,464	62	88	40	2,274	585/360	3,695
Band G	715	25	23	20	647	705/360	1,267
Band H	107	53	1	4	49	882/360	120
	46,166	2,700	4,096	804	38,566		36,787
						Add: Contributions in Lieu	954
						Less: Provision for non-collection	(755)
						Council Tax Base 2022/23	36,986

Calculation of Council Tax

In 2022/23, the charges for each band were as follows:

Band	Property Value £	Number of Properties	Council Tax Charge
A	Up to 27,000	9,341	£908.37
B	27,000 - 35,000	8,731	£1,059.77
C	35,001 - 45,000	6,010	£1,211.16
D	45,001 - 58,000	5,671	£1,362.56
E	58,001 - 80,000	5,843	£1,790.25
F	80,001 - 106,000	2,274	£2,214.16
G	106,001 - 212,000	647	£2,668.35
H	Above 212,000	49	£3,338.27

Non-Domestic Rate Income Account

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

The occupiers of non-domestic properties are liable to pay rates which are assessed on their property's rateable value. Each property is assigned a rateable value by the Assessor, which is published in the Valuation Roll. The Non-Domestic Rate poundage, which is used to calculate the amount of rates payable, is set by Scottish Government Ministers.

In 2022/23 the rate poundage was 49.8p (49.0p in 2021/22). In 2020/21 the government amended the supplements paid by properties with a rateable value in excess of £0.051m: for properties with rateable values of £0.051m to £0.095m, an Intermediate Property Supplement of 1.3p was introduced; properties with rateable values in excess of £0.095m incurred a Large Property Supplement of 2.6p (these supplements are unchanged from 2021/22).

Properties with a rateable value of up to £0.018m qualified for a reduction on a sliding scale of between 25% and 100% of their rates bill under the Small Business Bonus Scheme.

The rates collected from non-domestic ratepayers during the year are shown below. Any difference between the rates collected and the amount the Council is guaranteed to receive under the National Pooling arrangements is adjusted via the General Revenue Grant paid by the Scottish Government to the Council.

The Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) from April 2012 to encourage Local Authorities to maximise their existing business rates income and encourage new business start-up. The Scottish Government set a target for each Local Authority which can retain 50% of any additional income above the target. The BRIS scheme was suspended by Scottish Government for the years 2020/21 and 2021/22 due to the impact of the COVID-19 pandemic, the last distribution of fund being for growth in 2019/20. Local authorities are awaiting confirmation from government of the scheme's future.

2021/22	2022/23
£000	£000
61,478 Gross Rates Levied	63,931
Deduct:	
(15,959) Reliefs and Other Deductions	(10,201)
45,519 Net Non-Domestic Rate Income	53,730
(7,935) Adjustments to previous years' National Non-Domestic Rates	(985)
37,584	52,745
(23) Business Rates Incentivisation Scheme (BRIS) retention	-
3,676 Contribution (to)/from National Pooling	1,830
41,237 Guaranteed Rate Income	54,575
23 BRIS retention	-
41,260 Amount credited to the Comprehensive Income and Expenditure Statement	54,575

Non-Domestic Rate Income Account (continued)

Analysis of Rateable Values and Numbers of Entries at 1 April 2022

	Number of Entries	2022/23 Rateable Value £000
Shops	915	19,166
Public Houses	58	1,089
Offices (including Banks)	503	5,833
Hotels, Boarding Houses, etc.	113	3,211
Industrial and Freight Transport Subjects	1,354	51,057
Leisure, Entertainment Caravans and Holiday Sites	904	4,229
Garages and Petrol Stations	123	1,444
Cultural	19	204
Sporting Subjects	565	712
Education and Training	83	7,937
Public Service Subjects	274	16,529
Communications (Non-Formula)	17	1,377
Quarries, Mines, etc.	34	380
Petrochemical	5	613
Religious	155	1,205
Health Medical	51	2,215
Other	431	697
Care Facilities	50	1,913
Advertising	18	33
Undertaking	22	4,215
	5,694	124,059

A revaluation of the rateable values of all non-domestic properties was implemented on 1st April 2017. The next will occur on 1 April 2023.

Trust Funds

The Council administers 37 trust funds, acting as sole trustee for 33 trusts and as one of several trustees for a further 4 funds. These accounts do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up by various individuals and organisations for the benefit of the community or organisations within the Moray area.

The statements below summarise the trust funds' income and expenditure for the year and the funds' assets and liabilities at 31 March 2023.

Trust Reorganisation

The Council recently undertook a review of its trusts, in consultation with the Office of the Scottish Charities Regulator (OSCR), and restructured its charitable trusts in order to create a smaller number of trusts with improved governance arrangements and with the opportunity to maximise the use of these resources to the benefit of the citizens of Moray. In August 2016, The Moray Council Charitable Trust (TMCCT) was awarded charitable status under the Charities and Trustee Investment (Scotland) Act 2005. The trusts being reorganised into this new single trust will be utilised, as far as possible, in a manner consistent with the original trust purposes. To date, 24 trusts have been approved by OSCR for reorganisation into TMCCT and this is reflected in the accounts and notes on the following pages. The process of reorganisation is ongoing.

Accounting Policies

Basis of Preparation

The financial statements for the charitable trusts have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice 2015, applicable to charities preparing their accounts, in accordance with the Financial Reporting Standard 102 (FRS 102), applicable for the UK and Republic of Ireland, commonly referred to as the Charities SORP which is effective for accounting periods beginning on or after 1 January 2015. The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the trust funds for which it acts as sole trustee are connected charities. As such the accounts for these individual charities have been prepared on a collective basis for the Council. Separate financial statements covering all the Council's charitable trusts are published on the Council's website.

The financial statements for the non-charitable trusts have been prepared in accordance with the code of practice on Local Authority Accounting in the United Kingdom 2022/23.

As far as concerns the trusts reported in these financial statements, application of different reporting standards does not produce inconsistent results.

Investment Income

Investment income is accounted for in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Resources expended

Expenditure is included in the financial statements on an accruals basis.

Investments

Investments are included at fair value at the balance sheet date in accordance with the principles of the SORP. Investment gains and losses include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to fair value at the end of the period.

Trust Funds Income and Expenditure Account

2021/22			2022/23		
Connected Charitable	Other		Connected Charitable	Other	
£000	£000		£000	£000	
Income					
(24)	(102)	Investment Income	(28)	(116)	
-	(50)	Property Rental Income	-	(57)	
-	(212)	Gain on Revaluation of Fixed Assets	-	(1,337)	
(43)	(173)	(Surplus)/Deficit on revaluation of Available for Sale Financial Assets	15	66	
-	(2)	Other Income	-	(2)	
(67)	(539)	Total Income	(13)	(1,446)	
Expenditure					
11	62	Beneficiaries	15	70	
6	8	Administration	8	10	
-	42	Other Costs	-	165	
-	130	Depreciation	-	130	
17	242	Total Expenditure	23	375	
(50)	(297)	(Surplus)/Deficit for the year	10	(1,071)	
43	255	Items not Chargeable to Revenue Reserves	(15)	1,141	
(7)	(42)	(Increase)/Decrease in Revenue Reserves	(5)	70	

Trust Funds Balance Sheet

2021/22			2022/23		
Connected Charitable	Other		Connected Charitable	Other	
£000	£000		£000	£000	
-	5,130	Property, Plant and Equipment	Note 1	-	6,317
-	80	Investment Properties	Note 3	-	100
599	2,480	Long Term Investments	Note 4	584	2,414
599	7,690	Long Term Assets		584	8,831
1	5	Debtors		2	8
433	1,836	Loans Fund Balance		437	1,759
434	1,841	Current Assets		439	1,767
(7)	(18)	Creditors		(7)	(14)
(7)	(18)	Current Liabilities		(7)	(14)
1,026	9,513	Net Assets		1,016	10,584
-	3,242	Capital Adjustment Account		-	3,242
-	1,944	Revaluation Reserve		-	3,151
354	1,466	Financial Instruments Adjustment Account		338	1,400
672	2,861	Revenue Balance		678	2,791
1,026	9,513	Total Reserves		1,016	10,584

Notes to the Trust Fund Accounts

Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Estates Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014.

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Assets have been valued on the following basis:-

Other Land and Buildings	-	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	-	Historic Cost where available

Depreciation:

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

Other Land and Buildings	-	Buildings up to 55 years, land is not depreciated
Community Assets	-	Rights and land are not depreciated

Movements of property, plant and equipment were as follows:

2021/22

	Other Land and Buildings £000	Community Assets £000	Total £000
Gross Book Value at 1 April 2021	5,389	15	5,404
Revaluations	127	-	127
Gross Book Value at 31 March 2022	5,516	15	5,531
Accumulated Depreciation at 1 April 2021	356	-	356
Revaluations	(85)	-	(85)
Charge for the Year	130	-	130
Depreciation at 31 March 2022	401	-	401
Net Book Value at 31 March 2022	5,115	15	5,130

2022/23

	Other Land and Buildings £000	Community Assets £000	Total £000
Gross Book Value at 1 April 2022	5,516	15	5,531
Revaluations	786	-	786
Gross Book Value at 31 March 2023	6,302	15	6,317
Accumulated Depreciation at 1 April 2022	401	-	401
Revaluations	(531)	-	(531)
Charge for the Year	130	-	130
Depreciation at 31 March 2023	-	-	-
Net Book Value at 31 March 2023	6,302	15	6,317

Note 2 Heritage Assets

The following table shows assets which may be regarded as Heritage assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

	Estimated number of assets 31 March 2023
Assets Excluded from Heritage Assets	
Monuments and Fountains	2

Note 3 Investment Properties

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

	2021/22	2022/23
	£000	£000
Balance at start of the year	80	80
Net gains/(losses) from fair value adjustments	-	20
Balance at end of the year	80	100

Note 4 Trust Details

Funds for which The Moray Council act as Sole Trustee

<u>Fund</u>	<u>Income</u>	<u>Expenditure</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Registered Charitable Trusts				
6 Registered Charitable Trusts, each with Assets less than £50,000	(1)	1	57	(1)
The Moray Council Charitable Trust <i>Established to reorganise trusts with out of date purposes. 23 trusts were approved for reorganisation in 2021/22. Split into sub categories by location and purpose.</i>	(5)	20	709	(5)
Moray & Nairn Educational <i>Grants payable to persons resident in the former combined County of Moray & Nairn, including University & Central Institution Bursaries; Adult Education; School Equipment; Sports facilities; Travel Grants and School Excursions</i>	(6)	1	257	(1)
	<u>(12)</u>	<u>22</u>	<u>1,023</u>	<u>(7)</u>
Other Trusts				
6 Non Registered Trusts, each with Assets less than £50,000	(1)	1	85	-
Longmore Hall <i>Village Hall for the use of the community</i>	(399)	31	1,428	-
Glenisla Comforts Fund <i>For the benefit of the residents of Glenisla Care Home</i>	(2)	-	171	-
John Pringle Bequest <i>For the benefit of students at Aberdeen University who have previously attended Elgin Academy</i>	-	-	54	-
Speyside Comforts Fund <i>For the benefit of the residents of Speyside Nursing Home</i>	-	-	76	-
The Pringle Trust <i>Established to make payments annually to Ministers, serving and emeriti of the Church of Scotland, Baptist and Free Church of Scotland</i>	(3)	2	104	-

Note 4 Trust Details (continued)

Fund	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
William Lawtie <i>For the Poor of Cullen</i>	(23)	-	225	-
The MacDonald Benevolent Fund <i>Established in 1989 for persons in need of financial assistance particularly in Dufftown as decided by the Social Work Department</i>	(5)	8	296	-
Milne's Institution Trust <i>The free annual income to be applied as The Moray Council thinks fit for the purposes of the educational enrichment of pupils attending Milne's High School and Milne's Primary School. The income shall be apportioned to the schools on a pro rata basis by reference to attendance rolls of the respective schools</i>	(2)	8	309	-
Laing Mortification <i>For the benefit of a decayed merchant resident in Elgin.</i>	(7)	-	322	-
Craigmoray Bequest (Bishopmill) <i>For the benefit of the residents of Craigmoray Care Home</i>	(6)	-	484	-
Ladyhill Public Trust <i>Provides homes for two veterans from the Elgin area</i>	(15)	10	116	(1)
Jubilee Cottages Public Trust <i>Trust established by monies raised during Queen Victoria's Diamond Jubilee for the purposes of providing low cost housing</i>	(72)	16	712	-
Cooper Park Public Trust <i>Trust established at turn of last century to provide Elgin library and reading rooms and parkland for recreation – all for the inhabitants of Elgin</i>	(155)	44	503	-
River Lossie Public Trust <i>Established mid 1800's to provide ground for recreation for the people of Elgin</i>	(127)	149	1,003	-
Grant Park Public Trust <i>Trust incorporating the public convenience, tea room/shop and the cricket and bowling pavilions, to be used for the benefit of the community of Forres</i>	(319)	28	1,256	-
Miltonduff Hall <i>Established to provide space for local groups for education, recreation etc</i>	(138)	8	488	-

Note 4 Trust Details (continued)

Fund	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Logie Cottage <i>Proceeds from the sale of Logie cottage which was previously established to provide a free home or house of rest to a respectable retired couple or single woman in</i>	(2)	3	87	-
Fife Park, Keith Public Trust <i>Trust incorporating the playing field, pavilion and public</i>	-	49	-	-
Flemming Hall Aberlour	(200)	13	764	-
	<u>(1,476)</u>	<u>370</u>	<u>8,483</u>	<u>(1)</u>
Funds for which The Moray Council acts as one of several trustees				
Registered Charitable Trusts				
Auchernack Trust <i>For the benefit of the elderly community of the Forres Area who are in need of relief by reason of advanced age</i>	(7)	11	847	(1)
	<u>(7)</u>	<u>11</u>	<u>847</u>	<u>(1)</u>
Other Trusts				
Donald Manson (Edinkillie) Fund <i>3 Bursaries for children living in the Parish of Edinkillie in S1 as well as one Further Education Bursary for a student aged under 18. The annual balance of the fund is payable</i>	(3)	10	384	(10)
Donald Manson (Forres) Fund <i>One bursary for a child living in the Burgh of Forres in S1. The annual balance of the fund is payable to Forres</i>	(1)	3	105	(2)
Banffshire Educational Trust <i>Grants payable to persons resident in the former County of Banffshire, including University, Post Graduate, Apprentices & Trainees; School Equipment; Sports Facilities; Support of Clubs; Promoting Education in Drama, Music & Visual Arts; Travel Grants and School</i>	(6)	28	779	-
	<u>(10)</u>	<u>41</u>	<u>1,268</u>	<u>(12)</u>
Fund	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Summary				
Connected Charitable Trusts	(12)	22	1,023	(7)
Other Trusts	<u>(1,493)</u>	<u>422</u>	<u>10,598</u>	<u>(14)</u>
Total	<u>(1,505)</u>	<u>444</u>	<u>11,621</u>	<u>(21)</u>

Common Good Funds

The Council administers the Common Good Funds which consist of all property of a Burgh not acquired under statutory powers or held under specific trusts. These funds were transferred to Moray District Council in 1975 and then to The Moray Council in 1996 as the successor Council under the reorganisation of local government.

These funds do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up for the benefit of the community or organisations within the Moray area.

The Accounts for Common Good have been prepared according to the LAASAC Guidance *Accounting for Common Good (December 2007)* which is consistent with proper accounting required by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Accounting Policies

Accounting Policies adopted for the Common Good are the same as those adopted for the Moray Council with the exception of the application of IAS 16 and IAS 40. IAS 16 requires that assets be depreciated and that the charge for depreciation be set against any surplus in the Income and Expenditure Account. IAS 40 requires any movement in the fair value of investment properties to be recognised in the surplus or deficit in the Income and Expenditure Account.

Common Good Funds Income and Expenditure Account

31 March 2022	31 March 2023
Restated	
£000	£000
Income	
(7) Property	(6)
(142) Investment Income	(143)
(8) Other Income	(1)
(5) Gain on Disposal of Asset	-
(162) Total Income	(150)
Expenditure	
2 Property Costs	4
7 Administrative Costs	8
33 Donations, Grants etc	92
29 Other Costs	20
1 Depreciation	650
- Loss on Disposal of Asset	646
(271) Net Movement in Fair Value of Investment Property	34
(199) Total Expenditure	1,454
(361) (Surplus)/Deficit for the Year	1,304
(2,774) Deficit/(Surplus) on revaluation of Non-current Assets	(670)
(3,135) Total Comprehensive Net Expenditure	634

Note 1

Common Good Funds Balance Sheet

31 March 2022		31 March 2023	
Restated			
£000			£000
17,205	Property, Plant & Equipment	Note 1	16,519
204	Heritage Assets	Note 2	204
2,605	Investment Property	Note 3	2,571
20,014	Long Term Assets		19,294
1	Inventories		1
8	Debtors		8
3,896	Loans Fund Balance		3,982
3,905	Current Assets		3,991
(6)	Creditors		(6)
(6)	Current Liabilities		(6)
23,913	Net Assets		23,279
17,399	Revaluation Reserve		16,713
6,514	Revenue Reserve		6,566
23,913	Total Reserves		23,279

31 March 2022		31 March 2023	
Restated			
Total Funds		Invested in	Total Funds
£000		Loans Fund	£000
4,605	Buckie	1,633	5,069
193	Cullen	180	197
15	Dufftown	15	15
12,606	Elgin	1,614	13,251
3,972	Forres	471	2,450
52	Portknockie	53	53
353	Keith	12	358
1,483	Lossiemouth	-	1,882
634	Findochty	4	4
23,913	TOTAL	3,982	23,279

Notes to the Common Good Accounts

Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Estates Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014. Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

A copy of the asset register can be found at <https://data-moray.opendata.arcgis.com>:

Assets have been valued on the following basis:-

Other Land and Buildings	-	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	-	Historic Cost where available
Surplus Assets	-	Market value
Assets Held for Sale	-	Lower of carrying amount and fair value less costs to sell

Depreciation

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

Other Land and Buildings - Buildings up to 60 years, land is not depreciated
Surplus Assets - land is not depreciated

Movements of Property Plant and Equipment were as follows:

Note 1 Property, Plant and Equipment (continued)

2021/22 Restated

	Other Land & Buildings £000	Surplus Assets £000	Assets Held For Sale £000	Total £000
Gross Book Value at 1 April 2021	15,268	-	122	15,390
Revaluations	44	(214)	-	(170)
Indexation	2,109	-	-	2,109
Reclassifications	(271)	271	-	-
Disposals	-	-	(122)	(122)
Gross Book Value at 31 March 2022	17,150	57	-	17,207
Accumulated Depreciation at 1 April 2021	835	-	-	835
Revaluations	(4)	(7)	-	(11)
Indexation	(823)	-	-	(823)
Reclassifications	(7)	7	-	-
Charge for the Year	1	-	-	1
Depreciation at 31 March 2022	2	-	-	2
Net Book Value at 31 March 2022	17,148	57	-	17,205

2022/23

	Other Land & Buildings £000	Surplus Assets £000	Assets Held For Sale £000	Total £000
Gross Book Value at 1 April 2022	17,150	57	-	17,207
Revaluations	(779)	-	-	(779)
Indexation	796	-	-	796
Reclassifications	(17)	(57)	74	-
Disposals	(631)	-	(74)	(705)
Gross Book Value at 31 March 2023	16,519	-	-	16,519
Accumulated Depreciation at 1 April 2022	2	-	-	2
Revaluations	(105)	-	-	(105)
Indexation	(547)	-	-	(547)
Charge for the Year	650	-	-	650
Depreciation at 31 March 2023	-	-	-	-
Net Book Value at 31 March 2023	16,519	-	-	16,519

Revaluations (2021/22 and 2022/23) include assets previously held on the General Services Account now identified as Common Good.

Note 2 Heritage Assets

This note details the movement in Heritage Assets during the years 2021/22 and 2022/23.

	Fine Art	Chains of Office	Total Heritage Assets
	£000	£000	£000
Valuation at 1 April 2021	125	79	204
Revaluations	-	-	-
At 31 March 2022	125	79	204
Valuation at 1 April 2022	125	79	204
Revaluations	-	-	-
At 31 March 2023	125	79	204

The Chains of Office were independently valued during 2012/13 and 2013/14 by William Windwick, PJDip FGA FNAG MIRV, a member of the Institute of Registered Valuers.

The following table shows assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets excluded from Heritage Assets

	Estimated number of assets 31 March 2023
Monuments and Fountains	2
Nelson Tower	1

Note 3 Investment Property

The following items of income and expense have been accounted for in Investment Income in the Income and Expenditure Account:-

	2021/22	2021/22	2022/23
	£000	Restated £000	£000
Rental income from investment property	63	63	52
Net gain	63	63	52

There are some restrictions from the original benefactors on the Common Good's ability to realise the value inherent in its investment property. The Common Good has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Note 3 Investment Property (continued)

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

	2021/22	2021/22	2022/23
		Restated	
	£000	£000	£000
Balance at start of the year	2,334	2,334	2,605
Net gains /(loss) from fair value adjustments	(40)	271	(34)
Balance at end of the year	2,294	2,605	2,571

Independent auditor's report to the members of Moray Council and the Accounts Commission

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Moray Council and its group for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, the Cash Flow Statement, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-Domestic Rate Income Account, the Trust Funds, the Common Goods Funds and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2023 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, we report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Financial Officer and Moray Council for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Financial Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Financial Officer concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

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

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities for the Annual Accounts and the unaudited parts of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In our 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 we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice. We do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Angela Pieri

Angela Pieri, (for and on behalf of Grant Thornton UK LLP),
110 Queen Street
Glasgow
G13BX

Date: 27 October 2023

Glossary of Terms

Capital Expenditure

This is expenditure incurred in creating, acquiring or improving assets. The expenditure is normally financed by borrowing over a period of years, or utilising the income from the sale of existing assets.

CIPFA

Chartered Institute of Public Finance and Accountancy

Current value

For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

Economic Cost

The total cost of performing an activity or following a decision or course of action.

Fair Value

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.

IFRS

International Financial Reporting Standard

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Public Works Loan Board (PWLB)

A Government Agency which provides loans to the Council.

Revenue Expenditure

This is expenditure incurred in providing services in the current year and which benefits that year only.

SeRCOP

Service Reporting Code of Practice

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

Sources of Additional Information

The Annual Accounts is one of several documents published by Moray Council and CIPFA giving financial information on the services provided in the Moray Area. Other annual publications are: -

- The Capital and Revenue Budget, published on the Council's website giving detailed expenditure plans for the following financial year.
- Council Tax Information Leaflets (forming Part 2 of the Council Tax Demand Notice) issued by the Council giving a summary of expenditure plans for the following year.
- Rating Review published by the Scottish Branch of CIPFA giving comparative statistics for all Scottish Local Authorities on local authority expenditure and service provision.

