

DUMFRIES AND GALLOWAY COUNCIL

2021/2022

Annual Accounts

Audited



Contents

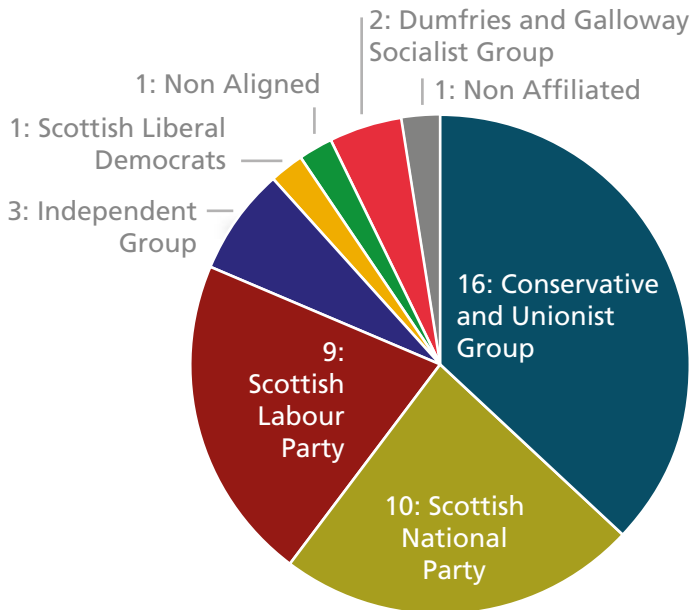
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Management Commentary

This Management Commentary is intended to assist readers of the annual accounts through providing an insight into the activities and priorities of the Council and through providing an analysis of financial performance as reflected in the following financial statements. The Management Commentary also provides an indication of the principle risks and uncertainties facing the Council over the upcoming period and the main measures in place to address these risks.

About Dumfries and Galloway Council

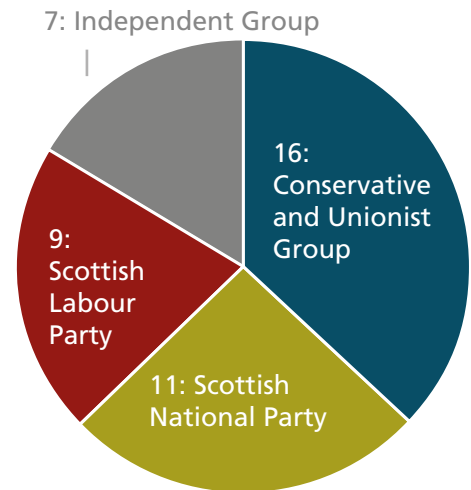
Political make-up for 2021-22



Political Make-up of the Council

Our administration is a partnership between Scottish Labour Party and the Scottish National Party (SNP)

Political make-up from 5 May 2022



The current administration is a partnership between Scottish Labour Party, the Scottish National Party (SNP) and the Independent Group

4,320km roads

312km trunk roads

68km motorway



4,320km of roads. We are the third largest roads authority in Scotland



Dumfries and Galloway population

148,290*

Dumfries and Galloway had the 14th highest population in 2020, out of all 32 council areas in Scotland.

*NRS Mid-2020 Population Estimates

Strategic Priorities

Delivering the Priorities of the Council

Dumfries and Galloway Council is ambitious for our region, focused on supporting our communities to thrive and prosper and ensuring that we provide quality services. Our five-year Council Plan sets out the approach we are taking to ensure all our services and activities work together to deliver on our priorities to:

- Build the local economy
- Provide the best start in life for all our children
- Protect our most vulnerable people
- Be an inclusive Council
- Urgently respond to climate change and transition to a carbon neutral region

As we entered the final year of our Council Plan, we continued work towards delivering on these and provided a diverse range of essential services to the communities of Dumfries and Galloway. In March 2022 we reported on our performance and outlined the significant progress across each of the Priorities.

Global and national events reaffirmed the importance of our Council's Priorities and they have underpinned the Council's response. The impact of the pandemic and the cost-of-living crisis have exacerbated the significant challenges faced by our residents and communities across our region.

Working together with communities and strategic partners, Dumfries and Galloway Council has been at the forefront of the response to the pandemic. This year our focus shifted towards recovery. This included supporting our most vulnerable; addressing further inequalities created by the pandemic; putting "place" at the heart of our recovery efforts; tackling climate change together; and improving the health and wellbeing of our communities. In February 2022, we received a COSLA Excellence Award for our role in developing community resilience especially in the light of Covid-19.

To help our most vulnerable, address inequality, and support our local economy, we have taken measures to mitigate the economic pressures being experienced across our region. We continued to assist and support a wide range of vulnerable people; invested in tackling poverty initiatives; worked with our providers to address rising costs of delivery; and, in February 2022, given the pressures on household incomes, we agreed to limit the rise in council tax for 2022/23 to three per cent (for Bands A to D this will be offset by a government grant of £150).

We have not just looked after our own communities, but also welcomed and supported others. We have worked alongside our communities and partners to play our part in the humanitarian effort to resettle people from Afghanistan and Ukraine.

At the same time, in common with other councils, we faced a continued period of austerity and pressures on our services. In response, we changed how we delivered our services and continued to transform the way we do things so that we could achieve positive outcomes for our communities and work effectively.

Priority 1

Build the local economy

We're committed to ensuring that Dumfries and Galloway emerges from the economic downturn in a stronger position by focusing on tackling the underlying weaknesses in our economy.



Our commitments are to:

Improve the level of skills within our communities and workforce	Support our small and medium sized businesses to be established and grow
Invest in our key infrastructure	Provide an attractive location to do business

This year we focussed on supporting the recovery of our local economy, particularly as we emerged from the pandemic which caused additional pressures on our communities, businesses, and high streets.

We administered Business Grants to help mitigate the immediate impact of the economic and trading restrictions. This included business supports announced by both UK and Scottish Governments reflecting the surge in Covid-19 cases driven by the Omicron variant in late 2021 and early 2022. This largely related to assisting hospitality, leisure, and related sectors over the winter trading months.

Our Economic Recovery Plan covered a variety of workstreams including supporting a green recovery, investing in capital investment projects and helping our local businesses. An example of this support was our 'Business Accelerator' Schemes which successfully supported our region's entrepreneurs in the food and drink and outdoor activity sectors.

We invested in our places and town centres. Support has been provided this year through our High Street Challenge Fund and the Enterprise Seed Fund which both aim to develop existing businesses and support the establishment of new businesses and revitalisation of our town centres.

Dumfries and Galloway Council's Economic Development Capital Programme focuses on supporting projects that will promote the economic recovery and resilience of our region's places, and on growing the productivity of our regional economy by facilitating local business expansions and attracting investment. We reported the progress on this throughout the year.

Many of the regeneration projects contained within the programme are led by local communities, and this contributes to building local capacity and inclusive growth across our region. We supported the regeneration of town centres across five area-based programmes (Reshaping Stranraer and the West, Upper Nithsdale Regeneration, Revitalising Dumfries, Annan and DG12, and Langholm) by supporting communities to identify their project priorities through the development of place plans and by obtaining and providing capital grant funding for priority capital projects through the Regeneration Capital Grant Fund. Kirkconnel and Kelloholm Community Development Trust is set to receive £2.3M while the Old School Thornhill is to receive £1.1M, following the Council's successful bid to the fund in October 2021.

In Spring 2021, the UK Government announced the £4.8 billion 'Levelling Up Fund'. Priority will be given to invest in regeneration and growth in places in need and areas of low productivity and connectivity. Dumfries and Galloway is in Priority 1 for this Levelling up Fund.

Similar to the Levelling Up Fund the UK Government have identified 100 priority places based on an index of economic resilience and intend to prioritise projects that target investment at communities in need in these places. A lead authority has been assigned for each place. Dumfries and Galloway is included in this 100 priority places and Dumfries and Galloway Council is the assigned lead authority for the region. We are a priority area in the associated Community Renewal Fund and have supported our communities to access this fund. Three applications with a total value of over £1.4m were approved by UK Government and are currently being delivered.

We have supported small and medium sized businesses to be established and grow. The Advancing Innovative Manufacturing in the South of Scotland project, launched in February 2022, was set up to support manufacturing small/medium sized enterprises (SMEs) in the Scottish Borders and

Dumfries & Galloway. Incorporating state-of-the-art equipment and technologies, the project offers SMEs access to advanced manufacturing, business support and industry-led expertise. This followed a successful bid developed with partners for funding of £3.3m to deliver the project.

In March 2022 we updated our sustainable procurement policy to include a community wealth building charter to ensure that benefits from our capital investment projects are realised locally. This is in addition to our increased online training to local firms through the Supplier Development Programme.

Core to our priority to build the local economy, and central to our recovery is our work on skills, employment, and inclusion. The pandemic has presented unprecedented challenges within the labour market, with real rises in unemployment. In September 2021, the Dumfries & Galloway claimant count was 3,530 people and 4.1% of the working aged population (aged 16 to 64). Whilst this has been reducing since early 2021, the figure remains 21% higher than pre-pandemic levels. The number of people receiving Universal Credit in Dumfries and Galloway in September 2021 was 11,885 (13.8% of working aged people), having increased by 69% since the start of the pandemic. In August/September 2021, there were 1,600 people on the Coronavirus Job Retention Scheme and a further 1,600 individuals who were on the Self-employment Income Support Scheme.

Young Person's Guarantee

Our Council exceeded the target for Kickstart opportunities, providing an increased number and wider range of opportunities for young people aged 16-24. We worked with partners to deliver on the additional No One Left Behind funding opportunities for those aged 25+. We have used Young Person's Guarantee funding from the Scottish Government to develop and deliver of a wide range of support and services for young people.

In September 2021, the first ever South of Scotland Regional Economic Strategy was agreed and published. The 10-year strategy is the work of the South of Scotland Regional Economic Partnership, which is made up of representatives from a wide range of organisations including Dumfries and Galloway Council. The strategy recognises the unique strengths of the South of Scotland in relation to its natural capital, the quality of its communities and cultural identity and looks to increase the working population and attract visitors to the region. It was shaped by a series of consultations through which over 1,400 voices were heard – including those of 300 young people – from all parts of the region. In December 2021 we approved an accompanying three-year Delivery Plan.



Beyond Team South of Scotland, we are part of the Borderlands Inclusive Growth Deal. In June 2021, we agreed a process to identify the initial towns to go forward through the Borderlands Place Programme. The purpose of the Programme is to provide financial support to enable towns and town centres to become more economically resilient, through working with communities and making the most of the town's cultural and heritage assets. This support is to the tune of £12.75 million indicatively earmarked for towns in Dumfries and Galloway, with a further £1.25 million provided by the Council over the term of the 10-year programme. Eighteen towns across the region were assessed on their relative need using a number of different indicators, including the effect of Covid on their local economies.

Our Council's £1million Town Centre Living Fund, funded from Council Tax on second homes income, supports the regeneration and long-term sustainability of local town centres as well as contributing to the Council's wider housing plans. In September 2021 we agreed a number of financial allocations to support projects across our region.

To allow Dumfries and Galloway Council to plan the delivery of housing supply for 2021/22 to 2025/26, a total Resource Planning Assumption of £106m (£23.8m for 2021/22) was allocated from the Scottish Government Affordable Housing Supply Programme to the region. This is further supplemented by development partners own finance, meaning that successful delivery of the Council's Strategic Housing Investment Plan (SHIP) will enable investment of a significantly greater sum than the Scottish Government allocation. The economic benefit of investing in the delivery of new affordable housing helps to sustain and grow the construction sector locally, while also positively impacting on people who gain secure employment or training opportunities. The SHIP annual review was submitted to the Scottish Government in October 2021 and a number of additional pipeline projects in areas of demand have also been included.

We established a new dedicated Active Travel Team to support place-making and encourage sustainable travel to deliver on the climate emergency. This team has developed and has consulted on the second Dumfries and Galloway Active Travel Strategy which will be adopted by both the Council and the South West Scotland Regional Transport Partnership later in 2022.

In June 2021, we completed the rollout of our new kerbside waste and recycling service to over 75,000 properties across the region. In addition to the kerbside recycling collections, a new food waste recycling service was also rolled out in Annan, Dalbeattie, Dumfries, Gretna and Lockerbie from September. While there were significant challenges in rolling out a region-wide service like this, we managed to overcome many of these and are delighted with our communities' support and participation. The new service is making a real difference to the region's aim to achieve net zero carbon status by 2025.



Priority 2

Provide the best start in life for all our children



Our Council is committed to giving the best start in life for all our children.

Our commitments are to:

Ensure early intervention, in particular to keep our region's most vulnerable children safe	Invest in creating schools fit for the 21st Century, which are at the heart of our communities
Raise ambition and attainment, in particular to address inequalities	Support children to be healthy and active

This has, once again, been a unique and difficult year. There was a phased approach from March 2021 with all children back in school full time by 26 April.

The pandemic has had a marked impact on the normal processes of learning, teaching, assessment, skills development, participation of young people and our collective approach to protect our most vulnerable children and families across our communities.

Following the return to in-school learning the priority was to help children and young people re-engage and settle to learn particularly reintegration, literacy, numeracy, health and wellbeing and social and emotional support for young people in Early Learning and Childcare settings and the Broad General Education phase. In the senior Phase (S4-S6), there was an additional focus on learning and teaching necessary for Scottish Qualifications Authority (SQA) accredited courses and assessment including a range of subjects, College Academy courses and Foundation Apprenticeships. Dumfries and Galloway's 'Better Relationship, Better Learning' guidance recommended that schools use an educational based nurturing approach to focus on aspects which foster healing and resilience when planning the reopening of schools. Key aspects included safety, understanding, wellbeing

and inclusion. Teachers planned learning and targeted support to address specific need in line with the recovery curriculum. We have witnessed the unprecedented impact of the global Covid-19 pandemic, this has affected us all but for many of our care experienced people, it has made already difficult situations more challenging.

The absence of external assessment information, the exam diets being cancelled, and the Ministerial direction to award estimated grade led to a different pattern of attainment than we have seen in previous years. Young people's provisional results were based on the assessments they completed and arrangements for these assessments were consistent with SQA's level and subject specific guidance.

Before provisional results were submitted to SQA, all schools were involved in a robust quality assurance process which allowed checks to be made on the accuracy of the grades awarded. This process involved carrying out checks in school, across the local authority, the regional improvement collaborative and nationally by the SQA to make sure that assessments and the marking was accurate and consistent with the national standard.

Details of assessment plans were communicated by schools in advance to parents and young people to enable them to have a clear understanding of the processes, timeline and what assessment would look like in each subject area.



Pupils received final results on 10 August 2021. For young people in the Senior Phase (S4-S6) in 2021, National 5 entries increased whereas National 4 entries decreased across Dumfries and Galloway. The overall quality of passes increased at National 5, Higher and Advanced Higher. In 2021 the number of young people attaining an A - C grade in National 5 English and National 5 Mathematics for S4 as well as for S4-S6 cohort improved.

For our most vulnerable children and young people, we provide focused and targeted support through collective interventions across all agencies to explicitly and collectively raise aspirations and outcomes. These shared commitments are reflected in our Children's Services Plan, the Local Child Poverty Action Plan and our Corporate Parent Plan and are supported through local Pupil Equity Fund guidance with a focus on closing the poverty related attainment gap through targeted interventions in literacy, numeracy and health and wellbeing.

Throughout this period we continued to work closely with our Family Support Service, providing early support to help families at the earliest opportunities in building community support that enable lasting change and prevent children entering statutory social work together with helping families intensively in providing the best care to their children that they can.

The Winter Plan Funding from the Scottish Government gave us the ability to direct aid to those areas with high numbers of children looked after at home, families with multi-agency plans and areas with high levels of free school meal provision. Children and young people who need the most support are likely to have been, and continue to be, disproportionately disadvantaged by the impacts of the pandemic.

The Scottish pilot for Joint Investigative Interviewing is ensuring that any child in Dumfries and Galloway who needs to have a joint investigative interview will have one in way that is trauma informed, tailored to their individual needs, and is undertaken by specialist staff. This supports the child's right to protection, justice and recovery from trauma.



Additional Scottish Government funding allowed us to complement and develop our existing advocacy service to enable access at critical moments in the life of our children to support and promote equality, social justice, social inclusion, and human rights.

We are supporting a move to a cloud-based network for schools through implementation of the Virtual Desktop Infrastructure. This new infrastructure means that learners and staff can access their school desktop and all software at any time, from anywhere, using any device. This will support wider opportunities for learning to take place in school, between schools and out-with the traditional school day. The increased confidence of staff in the use of virtual learning technologies has been a consequence of COVID lockdown mitigations. This will support a further expansion of the digital / virtual offer going forward.

An example of increased partnership working to deliver digital based learning is the work with the South West Education Improvement Collaborative, Glasgow Caledonian University and other partners to deliver an online Advanced Higher provision. We were successful in securing funding and investment through the Connecting Scotland Programme together with beneficiaries from Third Sector Dumfries and Galloway to provide digital devices, access to internet to remove further the barriers to those identified as digitally excluded.



The Universal Free School Meal provision was extended from the existing Primary 1 to Primary 3 offer to include Primary 4 pupils from August 2021. This was then extended to include Primary 5 in January 2022, with Primary 6 and 7 planned to receive free school meals during the parliamentary term.

Online payments have been successfully used in our secondary schools for six years. We have now introduced online payments and pre-ordering of school meals to primary schools. We have refreshed our school meals website that will market our school meals and our Naturally D&G brand / Globetrotter menus and the positive messages around this, for example buying locally, sustainability considerations, the need to reduce plastic waste and meeting legislative requirements.

As Children and Families have strengthened their Relationship Based approach to working with families using Signs of Safety tools, this has enabled a shift in focus to support families to develop their own safety plans and support or safety networks. This has allowed children to remain living at home or within their extended family networks in kinship care arrangements which can account for the increased number of kinship care households across the region along with supporting sibling groups to stay together.

As part of our permanence planning, we have reviewed the plans of all children who have been subject to Compulsory Supervision Orders at home for 2 years or more. During this period we have noted a decrease in the number of children this applies to. As we worked through the timelines and completed tasks with families, we were able to recommend the termination of Compulsory Supervision Orders for a number of children.

We are working with more families on a Child in Need basis which means that they are working with us on a voluntarily. The number of children we have on the Child Protection Register had decreased since we adopted the new model of working with families.

The Youth Justice Service has continued to work with children who are at risk of or are coming into conflict with the law and has adopted the same relationship-based approach, using the Signs of Safety alongside existing targeted assessment tools. The Service's approach to early and effective intervention has continued and has been recognised as a model of good practice at a national level.

Priority 3

Protect our most vulnerable people



We continue to want our most vulnerable residents, many of whom live in poverty or suffer poor health or inequality, to have the support and resources they need to live healthy and independent lives.

Our commitments are:

Tackle the causes and effects of inequality and poverty	Help older or vulnerable people live healthy and independent lives
Ensure our older or vulnerable people receive the care and support they need	Keep our communities safe

The Council contributed to the development of the 2022-2025 Integration Joint Board (IJB) Health and Social Care Strategic Commissioning Plan approved by the IJB on 10 March 2022. This is a key planning document setting out the IJB’s strategic vision; its strategic commissioning intentions and tactical priorities for the region; and the risks and challenges going forward.

During 2021/22, the impact of Covid-19 has continued to be at the forefront of Social Work Services’ planning and service provision; staff within the Health and Social Care Partnership (HSCP) have continued to work closely with NHS colleagues to address the ongoing challenges faced.

We have continued to support the HSCP in providing the best care for vulnerable adults, advocating for a personalised approach in line with the Self-Directed Support legislation and ensuring that the rights of people to be involved in decisions affecting their care and support is encouraged and supported. The Council recently welcomed a new local independent Self-Directed Support Brokerage Service to the region. Funded by the Scottish Government’s Support in the Right Direction Project, this service provides direct support to local people. This includes helping to manage an individual’s Direct Payment, employing Personal Assistants, and administering payroll activities.



The Council has a duty and responsibility to work with partners to protect those who are our most vulnerable, and a shared commitment to protect is at the heart of all that we collectively do. The Dumfries and Galloway Public Protection Partnership (PPP) continues to have multi-agency responsibility to ensure effective joint arrangements are in place to manage risk across Adult Support and Protection, Child Protection, and Violence Against Women and Girls, and meeting statutory requirements.

Services were also subject to a statutory Joint Inspection of Adult Support and Protection; the Inspection Team comprised the Care Inspectorate, Healthcare Improvement Scotland, and Her Majesty’s Inspectorate of Constabulary in Scotland. The purpose of the Inspection was to seek assurance that adults at risk of harm in our region are supported and protected and that Scottish Ministers are assured about how effectively the PPP has implemented legislative requirements. The Inspection also represented an opportunity to identify good practice and support improvement.

The Inspection report was published in November 2021 and concluded that our key processes and leadership are effective, with identified areas for improvement.

The National Guidance for Child Protection in Scotland was published in September 2021. Local authorities have 18-24 months for local implementation. In Dumfries and Galloway, we have a local Child Protection



Guidance implementation group whose membership include representatives from across the partnership and who meet monthly.

September 2021 also introduced the National Guidance for Child Protection Committees undertaking Learning Reviews. Again, local authorities have an 18–24-month timeframe for implementation: in Dumfries and Galloway we piloted the new framework with immediate effect. The process will be tested prior to full implementation and include adults. This will ensure a seamless approach offering consistent learning opportunities for practitioners in both children and adult services across the PPP.

The Dumfries and Galloway Missing Persons protocol was developed during April 2021-March 2022. The protocol captures the aspects which the national Missing People's Charity promotes - prevention, response, support and protect. The aspiration is to build on existing good work locally by preventing people from going missing in the first place and limiting the harm associated with people going missing.

Funding was secured through the Scottish Government's Delivering Equally Safe Fund to support the roll out of 'Safe and Together' locally. This is an internationally recognised approach to encourage services to be more informed about domestic abuse. 'Safe and Together' provides staff with additional tools to engage with perpetrators of domestic abuse; enhance safety of children; and improve understanding on how best to work with survivors of domestic abuse. There continues to be public awareness in social media, particularly during the annual 16 Days of Action for the elimination of violence against women: in 2021 there were additional training events to support increased understanding of domestic abuse and the impact on survivors. This included a local Leaders' Event which allowed participants to reflect on good practice and identify violence against women priorities for the future.

The Multi-Agency Safeguarding Hub (MASH) continues to screen and respond to referrals where there is a concern that an adult or child may be at risk of harm. In 2021/22, the number of children referred into Child MASH increased by 11% compared to the previous year. A total of 1,097 children were referred into Child MASH, with 532 children discussed at Inter-agency Referral Discussion. We conducted 266 Child Protection Investigations resulting in 87 Children Protection Planning Meetings; an increase of 12%

compared to the number of Initial Child Protection Planning Meetings held in 2020/21. At 31 March 2022, there were 47 children on the Child Protection Register, with the most prevalent risk factors being domestic abuse and emotional abuse.

Adult Support and Protection (ASP) concerns continue to be screened by the Single Access Point to determine the initial level of concern and the agreed onward route. In 2021/22, the number of adult protection referrals to Adult MASH decreased by 10% compared to the previous year, with 2,949 referrals screened. The level of demand and complexity in Adult Protection however has increased with 1,271 ASP Duty to Inquires undertaken, an increase of 21% compared to the previous year. A total of 165 ASP Investigations were undertaken within the last year, 50% more than in 2020/21. A total of 30 adults were discussed at Initial Case Conference in the last year compared to 47 in the previous year.

Our Financial Wellbeing and Revenues Service has continued to provide assistance and support to a wide range of vulnerable people across the region, including new supports through Self-Isolation Support grants and Low-Income Pandemic payments. The Service also ensured that 9,300 Scottish Welfare Fund applications were processed, paying out £1.5 million in addition to 3,000 Free school meals and Holiday hunger payment. The Service continued the work of the Welfare and Housing Options team which provides support to those at threat of eviction. During 2021/22, the Service has supported 1,337 customers, saving 280 from eviction and possible homelessness.

The housing sector plays a vital role in supporting vulnerable local residents. Development of high quality, energy efficient dwellings contributes to tackling a range of socio-economic challenges and helps to provide secure homes that have a positive effect on the lives of people living in the region. These include young families, those living on low incomes, the homeless or those with specialist housing needs. Rent affordability plays a crucial role in tackling poverty with high housing costs being one of the



biggest drivers of poverty, especially affecting single adults and families with children. Increasing the provision of affordable housing helps by providing high quality homes at lower cost to residents. New properties developed through the Council's Strategic Housing Investment Plan will also meet high energy efficiency standards, supporting work to lower levels of fuel poverty. The Housing Options and Homeless Service has taken 997 Homeless applications in 2021/22 and provided temporary accommodation to those in need. To meet the increased temporary accommodation demand, the Service has worked closely with Housing providers to source increased accommodation.

On 1 August 2021, the Homeless and Housing Options Service launched a new Housing First project. The project is aimed at individuals with multiple and complex needs, often with experience of the Criminal Justice system and entrenched homelessness. This multi-agency project, working with partners including Dumfries and Galloway Housing Partnership, Turning Point as the support provider, and the HSCP provides intensive support including for specific mental health and addictions issues. Early indications of the achievements the project has made in terms of identifying individuals and providing housing are very positive, with those involved sustaining their tenancy to date. The outcomes of the project will continue to be monitored and expanded where appropriate.

We have focussed delivery of physical activity interventions to improve the health and wellbeing of our elderly and those with Long Term Conditions. The launch of our 'Active Communities' programme has enabled us to deliver an expansive programme for mainstream delivery at the heart of local communities and across rural areas, whilst developing a partnership with Public Health colleagues to expand our initial social prescribing offering. In addition to previous funding awards from a range of sources, we attracted £15k from Paths for All in 2021 to expand our network of Health Walks and grow our volunteer numbers to ensure sustainability of the walks programme. Since beginning the programme we have supported 50 cancer referrals through MacMillan and welcomed over 3756 participants through our health walks.

The Action Plan for the new Poverty and Inequalities Strategy - agreed in March 2021 - was developed during 2021/22 with the creation of four Sub-Groups which held workshops and meetings to identify and agree projects that will tackle the challenges in our region. The Local Child Poverty Action Report for 2020/21 was approved by the statutory bodies of the Council and NHS in December 2021.

In March 2022, the Communities Committee allocated over £1M to projects to address inequality including Taxicards, School Clothing Grants, Holiday Food payments for nurseries and early years; Credit Unions, and emergency energy payments to vulnerable and older people; and the Finance, Procurement and Transformation Committee allocated over £2M to Holiday Food for Primary and Secondary pupils, Direct payment of £150 to around 4000 of our most vulnerable residents; and the costs of CareCall for people experiencing financial hardship.

In February 2022, our Community Planning and Engagement Services won a COSLA Excellence Award in the category 'Stronger Communities, especially in light of COVID' for our support to Resilience Groups. This grassroots work helps local people to deal with emergencies by ensuring they have a clear plan and strong volunteering arrangements in place.

In June 2021, the Council agreed to participate in the Afghan Citizens Relocation Scheme; and in March 2022, the Council extended the resettlement work to include Ukrainian people.

The new Antisocial Behaviour Strategy was finalised in 2021 and now has an accompanying action plan.

In December 2021, the Communities Committee agreed to review and update the Council's 20mph Speed Limits and Traffic Calming Policy in consultation with stakeholders. This includes arrangements for the implementation of 20mph Speed Limits in the final 24 Primary Schools of the Council's Schools Programme, together with the introduction of temporary 20mph speed limits in 17 of our largest towns and in communities on timber transport routes were agreed.

Priority 4

Be an inclusive council



We are passionate about the importance of working with citizens, customers, staff, Elected Members and partners in our region. We all have a shared interest in making the most of the talents, vision and commitment of the people who learn and work in Dumfries and Galloway.

Our commitments are:

Increase equality of opportunity	
Ensure that local people and communities are the heart of our decision making	Empower our communities to make the most of their assets

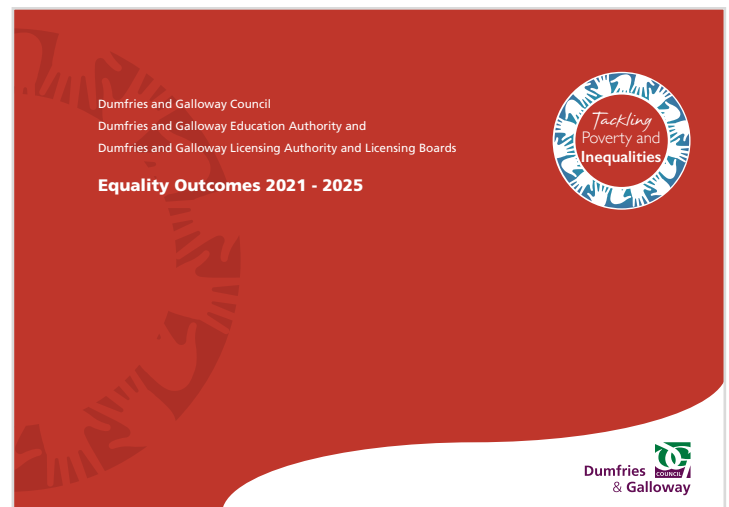
The national local government organisation COSLA has reiterated a 1% of Councils' Budgets as a target for Participatory Budgeting (PB) (Community Choices) and our latest PB exercise, with voting in April 2021, saw 18 local organisations receive £200k funding for additional staff working on projects that tackle poverty and inequalities. Our Youth Work Service has attracted almost £300k of external funding for PB Exercises in the last two years; and a number of third sector organisations have been successful in securing funding to allocate by PB. Since the original focus on direct grant making and voting, COSLA's advice and focus has shifted towards mainstreaming PB, which is about local people being more involved, greater citizen involvement in decisions around how service delivery is prioritised, rather than voting on how grants are awarded.

A cross-service officer group has been established in the Council to take forward mainstream PB and this group is identifying areas where citizens are already engaged in determining how services are delivered. The Council has many good examples of where this is happening and is looking at areas where, with enhanced community engagement, this can

be achieved. The PB Group is working with COSLA to take this work forward and there is training for Elected Members, Heads of Service, and officers to support this programme of work.

The Council received funding to deliver additional sporting events and activities during the summer holiday period of 2021, through SportScotland's Get into Summer programme. This funding allowed sporting clubs and organisations to provide events over the summer holiday period including sports camps and celebration events, with a particular focus on children and young people that would not normally access those types of activities.

Work to implement our Equalities Outcomes for 2021-2025 has continued, with a significant development being the introduction of 'Recite Me' and translation on our website. The establishment of a Local Licensing Forum was agreed by the Council in June 2022, and it will bring together licensing trade representatives, public sector bodies and equality groups.



Improved communications also support inclusion. A Community Bulletin has been published since the beginning of the Covid Pandemic and provides an update on Covid- related matters; information on where to get support and assistance - for example an emergency food helpline; personal budgeting and finances. There has also been a weekly Newsletter for Councillors, MPs and MSPs giving performance information; new Covid webpages with details on how to access business grants etc.

In February 2022 the Council received a COSLA Excellence Award in the Stronger Communities category - especially in the light of Covid-19 – for its role in developing community resilience plans and helping communities and individuals by organising support around food, medical deliveries, managing volunteers, providing personal protective equipment and ensuring plans were sustainable.

Dumfries and Galloway continues to be one of the safest places in Scotland to live and this is evidenced through the perception of how safe people feel in the region.

Engagement with our communities, in line with our Council's Community Participation and Engagement Strategy (which embodies the National Standards) has continued with Community Conversations, an online questionnaire, and other forums to consider the Council Budget for 2022/23 and the COVID Recovery in Autumn 2021.

Our new Gaelic Language Plan for 2022-27 was developed - with extensive engagement with the Gaelic speaking community - and it was agreed in December 2021.

We continue to work well with Community Councils about local issues and we have had special sessions, including with Lord Lieutenants about the Platinum Jubilee.

The Council's new People Strategy was agreed in November 2021 and included an action about Supportive Workplace Conversations - the programme started in March 2022 with 'Reflection, Recognition and Reconnection'.

We continued to be at the forefront of community empowerment with our Community Asset Transfers - a further five have been agreed in 2021/22.

A three-year Commission on Representation and Engagement for 2021-2024 was agreed in October 2021 which sees additional support for disability, gender reassignment, sexuality, race, religion or belief and the Third Sector.

The Community Learning and Development Strategic Plan 2021-2024 was agreed in October 2021, after a series of surveys and focus groups throughout the preceding months.

The second Joint Meeting with the Youth Council took place in September 2021; and then Youth Council Elections took place in November 2021. Progress in the Joint Action Plan was reported to Full Council in March 2022; and as part of that, the Council agreed that Youth Councillors should be on Area Committees, complementing their place on the Education and Learning Committee.



Priority 5

Urgently respond to climate change and transition to a carbon neutral region



In 2019, we declared a Climate Emergency and set out our ambitions under a 12-point plan, with the aim of achieving a net zero carbon status by 2025.

The Declaration highlights the importance of Climate Change within our own region, whilst recognising the global implications. It promotes the role that our council is required to play to coordinate, support and lead on regional activity to reduce our carbon emissions and support a transition to a low and zero carbon economy.

This year we continued to make progress on the 12-point plan to help reduce the region's carbon footprint, protect the natural environment, biodiversity and, live sustainably.

We launched our Carbon Neutral Route Map in November 2021. This provides oversight and direction for the council and identifies the key priority areas that require immediate assistance and action on our journey to a net zero carbon region.

Underpinning our work to achieve net zero status is the baseline emission inventory for the region. Following on from our first independent baseline CO₂e emissions inventory, an updated annual baseline was commissioned during 2021/22 for the year 2019. This used the same calculations and found that regional emissions have reduced by 3%.

All our departments now have climate change at the heart of their activities, and we made significant progress in the last year relating to our property portfolio, building standards policies, energy consumption, waste collection service, education provision, and our vehicle fleet.

We continued improvements to our building assets, maximising efficiencies around energy consumption. We adopted a new policy through LDP2 that requires all new buildings to demonstrate that a proportion of the carbon emissions reduction standard set by Building Standards Regulations will be met through the installation and operation of low and zero carbon technologies.

In November 2021, the Economy and Resources Committee agreed the scope for the Council's first Vacant and Derelict Land and Property Strategy. By prioritising the reuse of persistent vacant and derelict land, and protecting our existing natural capital, we can ensure that future investment goes into areas where it is needed the most while avoiding loss of areas of carbon storage such as green space and woodlands. Through targeting the provision of energy efficient homes, developments located within walking distance of services and remediation of vacant and derelict sites, the Council is seeking to ensure carbon emissions from homes and travel are minimised. The location of



developments can play a significant role in tackling climate change by providing new homes within close proximity to shopping, education, leisure, health services and employment. In addition, the delivery of the Energy Efficient Scotland: Area Based Scheme in this region has now provided around 2,000 energy efficient measures to privately owned homes in the region. These measures will save over 59,780t of carbon in their lifetime and result in fuel bill savings for local residents in excess of £13.6m at current prices. The ongoing programmes will further improve these outcomes, while also providing wider climate change and regeneration objectives.

Development work on a natural capital investment plan for the South of Scotland started, aiming to attract innovative public and private sector finance. In partnership with Scottish Borders Council and South of Scotland Enterprise, we have been awarded pilot status to develop a Regional Land Use Partnership for the region (South of Scotland) to positively influence land use change going forward. One of the main drivers behind the pilot scheme is the ability to look at tackling carbon emissions and climate change through land management activities.

The Education and Learning Directorate established a Learning for Sustainability (LFS) Network that will collectively support the delivery and promotion of Learning for Sustainability across the region.

In June 2021 we completed the rollout of a new kerbside dry recycling collection, which allows residents to conveniently recycle their household waste as part of their standard waste collection service. The new fleet is more fuel efficient than the previous one, and the collection routes have been re-optimised to reduce fuel mileage.

Work is continuing the drive to electrify the council's fleet. We have decarbonised 25 per cent of our vehicle fleet; introduced our first zero emission waste vehicles as part of our new waste collection scheme; and have a fully electric bus in operation within Dumfries. Our actions resulted in winning the Transport News Scottish Environmental Operator of the Year Award 2022 for work in relation to operating electric RCVs in rural towns (one in west and one in east of the region).

We understand that we alone cannot achieve net zero carbon status by 2025. Collaboration across all sectors is essential to achieving our ambitious targets, with partnership working being at the heart of our approach.

This year we established a Regional Stakeholder Network for Dumfries and Galloway with an aim to share knowledge, information, and for sector leads to come together to enable local input into reporting mechanisms and methodologies. The network includes economic sectors such as agriculture and forestry and will be developed over the next year to span all sectors. Strong regional partnerships, with a shared commitment to becoming a Carbon Neutral Region, will further strengthen a sustainable region for future generations.

We launched a Citizens Panel across the region so that the people that live and work here have a meaningful say and can influence the actions we take to address the Climate Emergency. This work was commissioned in June 2021 and is currently being delivered by Community Chartering Networks. This has taken a place-based approach with location specific panels representative of the region's demographic. We look forward to working with the Panel to empower our communities to make significant changes to reduce emissions and adapt to a low carbon approach.

The COP26 Conference in Glasgow acted as a further reminder of our responsibility to tackle the climate emergency and the eco-crisis. Together with various partners, including Galloway Glens Landscape Partnership, we submitted a bid to COP26 organisers to showcase our region's response to Climate Change. This acted as an opportunity to encourage our communities to think globally and act locally, with events taking place in November 2021 to tie in with the COP26.

Dumfries and Galloway Council Plan 2017 - 2023

Vision

Dedicated to creating opportunity for all.

We'll support ambition, promote and establish Dumfries and Galloway as the best place to live, work and learn

Our Principles

Focus on early intervention and prevention	Encourage safe and resilient communities	Help the most vulnerable people and those in need
Develop skills and opportunities	Listen to our communities and people	Deliver efficient and sustainable services
Be open and honest	Work in partnership	Be ambitious for our region
	Deliver locally	

Strategic Outcomes our 'Priorities'

Build the Local Economy	Provide the best start in life for all our children	Protect our most vulnerable people	Be an inclusive Council	Urgently respond to climate change and transition to a carbon neutral region
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Strategic Objectives our 'Commitments'

Improve the level of skills within communities and workforce	Ensure early intervention, in particular to keep our region's most vulnerable children safe	Tackle the causes and effects of inequality and poverty	Ensure that local people and communities are at the heart of our decision making	Encourage understanding of how the way we live and work in the region impacts on climate change
Support our small and medium sized businesses to be established and grow	Invest in creating schools fit for the 21st Century, which are at the heart of our communities	Help older or vulnerable people live healthy and independent lives	Empower our communities to make the most of their assets	Empower our communities and stakeholders to make significant changes to reduce emissions and adapt to a low carbon approach
Invest in our key infrastructure	Raise ambition and attainment, in particular to address inequalities	Ensure our older or vulnerable people receive the care and support they need	Increase equality of opportunity	Lead on the transition to cleaner and greener technologies
Provide an attractive location to do business	Support children to be healthy and active	Keep our Communities Safe		Promote and protect our region's natural environment
				Contribute to a greener economy, maximising the region's green energy potential

Strategies and Plans

Regional Economic Strategy	Children's Services Plan	South West Educational Improvement Collaborative Improvement Plan 2021/22	ICT and Digital Strategy	Regional Tourism Strategy
Equalities Outcome	Volunteer Strategy	Carbon Management Plan	Customer Strategy	Anti Social Behaviour Strategy
Health and Social Care Strategic Plan	Advocacy and Lobbying Strategy	Major Festivals and Events Strategy	CLD Partners' Strategic Plan	Community Engagement and Participants Strategy
Regional Transport Strategy	Procurement Strategy	Local Development Plan	Education Authority Annual Plan	Financial Strategy
Anti Poverty Strategy / Poverty and Inequalities Strategy	Food and Drink Strategy	Local Housing Strategy	Active Travel Strategy	Workforce Strategy

Our Approach

Develop a workforce for the future	Deliver fewer and better assets	Sustain services through change	Improve communication	Add value through procurement
Build sustainable finances	Meet customer needs and expectations at first point of contact	Promote equality	Ensure community participation	Lead digital innovation

Delivering in a Pandemic

2021/22

In 2020/21, together with partners, we were at the forefront of measures to respond to and mitigate against the challenges of the pandemic. This year our focus shifted towards recovery.

Despite this shift of focus, serving the citizens of Dumfries and Galloway, ensuring the provision of essential services, protecting our most vulnerable residents, and ensuring that support was available to those who needed it most remained at the core of our delivery.

Covid-19 was felt most acutely by the most vulnerable individuals and families in our region. We have had to ensure effective oversight and continuous management of change to the level and type of abuse suffered by individuals, and how these impact on demand within both Social Work and across the wider Public Protection Partnership.

Our existing arrangements with Local Resilience Partners, local communities, third sector organisations, social enterprises, other local authorities, and Government Agencies served us well when a surge in Covid-19 cases occurred in late 2021 and early 2022 driven by the Omicron variant.

During this time, we administered Business Grants to help mitigate the immediate impact of the economic and trading restrictions. This largely related to assisting hospitality, leisure, and related sectors over the winter trading months.

Our Council established a Response, Renewal and Recovery (RRR) Sub Committee which was the reporting Committee for the RRR Team. Its remit was to strengthen our understanding around national and local research, including local engagement, about the impact and implications of the Covid-19 Pandemic and EU Exit.

The Community Planning Executive Group initiated a rapid review and challenge of existing Partnership strategies and plans to identify those actions which need to be accelerated or introduced, to support Recovery across Dumfries and Galloway. This was an important step forward in ensuring a shared focus on Recovery, and alignment with National Recovery Outcomes.

The Community Planning Partnership Board Covid Recovery Plan sets out the actions where the partnership needs to work together to support recovery with the identification of five priorities:

1. Workforce Challenges
2. Personal Resilience
3. Employability and Education
4. Place – Community Resilience
5. Digital

This is reflected in our own Renew and Recovery Action Plan, with the addition of the climate recovery priority, reflecting the Council's strategic focus on this. The Renew and Recovery Action Plan was reported to Full Council on 16 December 2021. A Council Recovery Group was established to lead this work.

The RRR team, with other Council services, hosted a series of multi-agency recruitment events across Dumfries and Galloway, including a Partnership Workforce Summit.

We conducted a number of engagement activities as part of our recovery. This included public and staff engagement on the Budget Development Programme for 2022/23 and over 150 community and individual conversations on the arrangements to welcome visitors back to the region after lockdown. Together, we developed measures to allay reservations within communities who were concerned about the impact on public health in the region. This helped our region realise the benefits from being one of the top tourist destinations for 'staycations' in Scotland.

In February 2022 the Council received a COSLA Excellence Award in the Stronger Communities category - especially in light of Covid-19.

Community Planning

The Council works in partnership with public agencies, private enterprise and third sector organisations to support the delivery of its Priorities, to enable the delivery of a wide range of local services and to support communities across our rural region. The Council plays a significant role in the Dumfries and Galloway Community Planning Partnership (CPP) and the Council's Priorities are reflected in the CPP's Local Outcomes Improvement Plan 2017-2027 (LOIP) and the Locality Plan on Food Sharing for 2017-2027. The third Annual Report on the Locality Plan was agreed in November 2021 and the LOIP in March 2022 and evidenced good progress. Key features during 2021/22 were the agreement of a partnership COVID Recovery Plan, the creation of a Place Planning Partnership, and the development of a partnership approach towards digital. The strong performance monitoring of the 12 Strategies and Plans and associated Partnerships that contribute to the LOIP continued.

The CPP's Vision is:

'Working together to create an ambitious, prosperous and confident Dumfries and Galloway where people achieve their potential'.

The LOIP's Outcomes are:

Outcome 1

Everyone who needs help to work receives the right support.



Outcome 5

The money available to people on Benefits and low wages is maximised.



 **Outcome 2**
Learning opportunities are available to those who need them most.

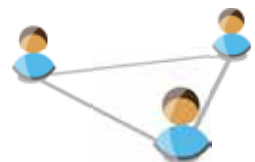



Outcome 6
People are safe and feel safe.


Outcome 3
Health and wellbeing inequalities are reduced.



Outcome 7
People are well connected.



 **Outcome 4**
There is affordable and warm housing for those who need it most.

 **Outcome 8**
Individuals and communities are empowered.

Service Performance

Our approach to service performance is based on the cycle of 'plan-do-review-revise' and provides the mechanism for linking objectives, priorities, and resources. It is ongoing and each step of the process must be repeated to ensure that improvement is secured and embedded. This shows how we continuously review our performance to improve our services.

Our Council Plan sets out the Priorities and Commitments for the Council and these are delivered through our Service Business Plans. Business Plans are produced for a five-year period, reviewed, and updated annually, to align with the budget setting process and Council Strategy.



In the last year, services have restarted activity in response the national guidance.

- Education Service planned learning and targeted support to address specific need in line with the recovery curriculum to help children and young people re-engage during the phased approach to in-school learning whilst ensuring the safety and wellbeing of our pupils and staff remained paramount and work continues to reinforce the key messages about the current mitigations to control virus transmission.
- Social Work has continued provide services throughout the pandemic and have changed and adapted as needed. The service has continued to develop in ways which the views of service users and carers can be sought and included to support the development of their service delivery and the quality of their practice.
- The majority of functions within Economy and Resources have continued to be delivered albeit the focus of some areas has flexed and developed to reflect the areas of priority demand. We have provided ongoing support to local businesses, and the economic recovery of the region will remain a significant consideration for some time.
- Many areas of Communities' work, such as Refuse Collection, Youth Work and Community Support / Ward Working functions continue to play a vital role in servicing and supporting our communities.
- The re-opening of leisure and wellbeing facilities such as leisure centres, museums, integrated facilities (libraries/customer services/registration centres) and the restart of activities within our communities and supporting he restart and establishment of events contributed to welcoming visitors to our area through the broadly recognised 'stay-cation' campaigns.

A Workforce Fit for the Future



Our Workforce

Dumfries and Galloway Council developed and agreed a new People Strategy in November 2021. The strategy sets out our ambition through six outcomes of how we want to engage and develop our workforce, outlining key priorities and drivers through to 2026.

Six outcomes are included in the People Strategy to support our ambition:

1. Providing a positive experience
2. Developing our people
3. Engaging our people
4. Supporting our people
5. Recognising good performance
6. Creating a positive one team culture

During February and March 2022, we conducted the first phase Workforce Supportive Conversations, these took place across the region face to face and virtually. The conversations allowed staff a safe space to be formally recognised for the work they do, reflect on the last two years, and reconnect with the organisation through our values and behaviours.

A new Homeworking (Hybrid) Policy was developed and agreed to support our workforce and sets out the Council's commitment to providing a positive experience to our employees.

Detailed workforce metrics data was provided to the Senior Leadership Team and wider Council Management Team, the metrics included relevant workforce information on key areas linked to the pandemic and returning to offices and places of work, such as deployment numbers, locations, roles, COVID and self-isolation information that would help inform strategic decisions linked to workforce deployment, visibility of workforce availability, and targeted support and advice around issues of homeworking and health and wellbeing.

We provided regular communication to our staff, this allowed us to disseminate UK/Scottish Government and COSLA guidance relating to strategic workforce issues and provided essential, regular, and targeted information on health and safety, working arrangements (annual leave etc.), terms and conditions and health and wellbeing through our staff briefing programme.

A key component of the transformation of our workforce is to provide learning and development opportunities through both internal and external learning. We have continued to support our workforce to undertake Graduate Apprenticeships and other formal qualifications.



Health and wellbeing

Health and wellbeing of the workforce is a priority for the Council. A fit, healthy, and engaged workforce will ensure that productivity remains high, and services have been delivered efficiently and with high quality. There have been regular campaigns, projects, activities, staff bulletins issued by the Council with dedicated resources available to be shared with the workforce to ensure they worked safely. The strategic health and wellbeing group had oversight of all health and wellbeing initiatives, and these continue to be developed, aligned to close collaborative working with the Joint Trade Unions and partners to join up and present a range of activities, projects, advice, guidance and support of our workforce. There are over 100 mental health champions who would be available to anyone who wished to talk through any wellbeing concerns, a real support network for staff. The Wellbeing Group has now also extended into Community support and building relationships with other organisations (SOSE now officially part of the strategic wellbeing group) in Dumfries and Galloway to build a truly partnership approach to health and wellbeing in Dumfries and Galloway region.

- Development of a programme of mental health awareness training so senior, middle, and front-line managers
- DGTogether – a strategic approach to health and wellbeing, a programme of information, campaigns and activities, self-help, communication, and engagement to support a mentally healthy workforce and families, and other activities to support physical, and financial wellbeing
- Development of wellbeing checks for workforce carried out by our Occupational Health provider.
- Incorporated financial wellbeing as a core element of health and wellbeing

Health and Safety

A new structure was put in place to consolidate all health and safety expertise under a single leadership model and to deploy that expertise, and in greater numbers to where the need was greatest. This approach was tested, and the benefits realised from a collaborative and partnership approach that recognised that all 112 Schools had revised safe systems of work and risk assessments in place prior to the return of pupils, as well as significant other public buildings including Customer Service Centres, public toilets, and community halls. In addition, all health and safety work was shared across the team building new skills and capability across the team giving exposure to new areas of business for our health and safety experts. This has resulted in a new structure being approved by Elected Members and Senior Managers on a new consolidated future model for health and safety using the COVID learning to drive forward a new and exciting chapter for health and safety in the future.

Trade Union Activities

On 1 April 2017 the UK Government implemented the requirement introduced by the Trade Union Act 2016 for Public-Sector employers to report annually on paid time off provided to relevant Trade Union Officials for Trade Union duties and activities. A summary of this information is provided below, and the full report can be found on the Council website.

	No of Reps (FTE)	No of Paid Reps (FTE)	Cost of Reps (£)	%age of Total Pay Bill
Non-Teaching	23.23	2.6	£77,211	0.04%
Teaching	5	1.5	£83,090	0.04%

Chief Officers



Derek Crichton

Interim Chief Executive



Gillian Brydson

Director Skills, Education and Learning



Lorna Meahan

Director Economy and Resources



Shaun Morley

Interim Director Communities



Lillian Cringles

Chief Social Work Officer



Jim Brown

Head of Education - Quality and Curriculum



Michael Shepley

Head of People and Transformation



Vlad Valiente

Head of Governance and Assurance



John Thin

Head of Education - Learning and Resources



Steve Rogers

Head of Economy and Development



Steven Herriott

Head of Roads and Infrastructure



Jim Doig

Assessor and Electoral Registration Officer



Harry Hay

Head of Neighbourhood Services



Paul Garrett

Head of Finance and Procurement



Richard Grieveson

Head of Community Services

Financial Performance

The Statements in the Annual Accounts

The principal financial statements in the Annual Accounts are:

- Movement in Reserves Statement - this shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves (e.g. reserves reflecting unrealised gains on the revaluation of assets).
- Comprehensive Income & Expenditure Statement – this statement is a summary of the resources generated and consumed by the Council in the year.
- Balance Sheet - this shows the value of the Council's assets and liabilities and reflects the overall financial position of the Council at the end of the financial year.
- Cash Flow Statement - this statement summarises the inflows and outflows of cash arising from transactions with external third parties.
- Notes to the Financial Statements – this provides further information on the Council's financial statements.

- Group Accounts - this provides an overview of the financial position of the Council along with other organisations with whom the Council has control and/or a significant interest, i.e. Swestrans and the Integrated Joint Board. The statements provide an overview of the financial position for the group as a whole; comparable to what the financial position would have been should these entities have been included within the Council.

The supplementary financial statements are:

- Council Tax Income Account – this shows the gross and net income received from Council Tax, the number of properties on which Council Tax is levied and the charge per property.
- Non Domestic Rates Account – this shows the gross and net income from non-domestic rates (NDR) and details the amount payable to or by the national NDR pool, and the resulting redistribution of NDR income to the Council.

Additional notes to the Annual Accounts are:

- Trust Funds – this details the income and expenditure in respect of Trust Funds which are administered by the Council in its capacity as a trustee. All trusts are registered Scottish charities.
- Common Good Funds – this details the income and expenditure in respect of Common Good Funds which are held by the Council for the benefit of residents of former Burghs in the region.



Financial Review

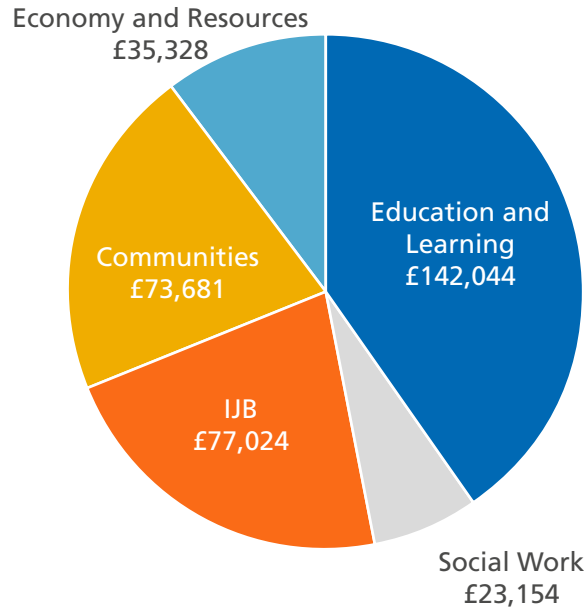
During 2021/22, the ongoing Covid-19 response and recovery activities continued to impact on Service expenditure and income, although to a much lesser extent than had been the case in the previous financial year. The net additional costs incurred, which mainly related to additional staffing and cleaning within schools, social care provision and reduced income within Leisure & Sport facilities, were fully met through the application of additional Scottish Government funding received for that purpose.

After the application of these resources, all Council Services maintained spending within their agreed budget levels, and carried forward resources of £2.4 Million to reserves to support commitments for the upcoming financial period.

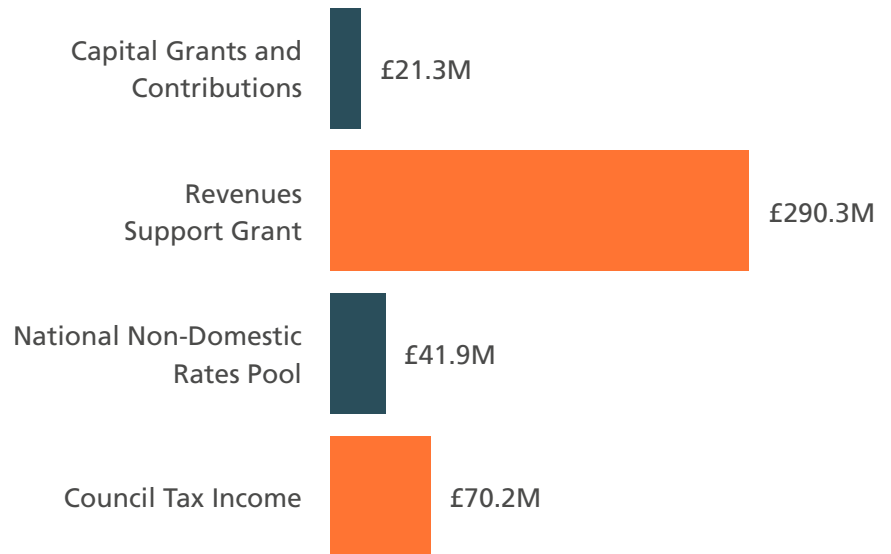
In addition, the Council returned a surplus of £5.720 Million, equating to 1.4% of the agreed budget, which was primarily due to the receipt of additional income (including Covid-19 admin support and the recovery of SPPA overpayment) and the release of resources which had been set aside corporately during the course of the year (including Budget Pressures funding/Pay provision). Given the exceptional challenges facing the Council, including further reductions in Scottish Government funding support, the impact of increased inflation and the cost of living crisis, this funding will provide an invaluable opportunity to support the measures that the Council will require to undertake over the upcoming period.

The following charts summarise the net spending per Service and the main sources of funding for the Council in 2021/22.

Net Spend per Service £000



Income



Whilst the Comprehensive Income and Expenditure Statement on page 54 reflects a surplus for the year, it is important to recognise that this includes the impact of accounting adjustments (particularly pensions accounting entries) and a more informative indication of the Council's financial performance for the year is reflected in the movement in General Fund Balances shown in the Movement in Reserves Statement on page 55. As highlighted within this statement there was an increase in usable reserves of £23.2 Million at the end of the financial year, which was primarily due to the receipt of significant additional support from the Scottish Government at the end of the financial year, the resources carried forward by Services to meet commitments in the new financial year and the corporate surplus referred to above.

Capital Programme and Borrowing Facilities

Note 18 to these accounts provide summary information on capital expenditure and funding for 2021/22.

The Council’s capital plans are determined on a prudential basis with the level of expenditure based on an assessment of the level of investment that is considered to be prudent, affordable and sustainable. This is assessed over a 10 year period.

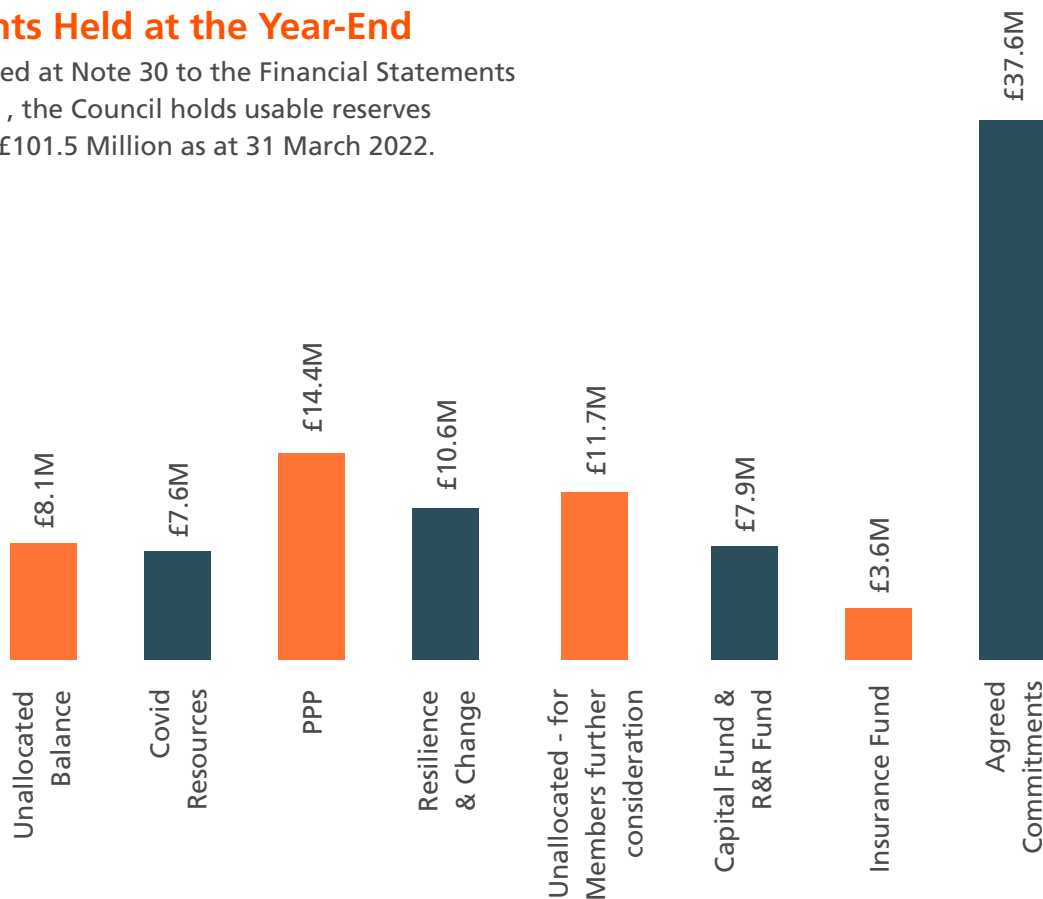
The progress of capital projects and the level of capital investment incurred by the Council in 2021/22 was impacted by Covid-19 restrictions, difficulties in terms of supply chain issues and the resourcing of projects (both internal and external). The net Capital Spending in 2021/22 was £28.3 Million (ie. gross capital spend less direct funding for specific projects) with the main areas of investment including:

- £7.7 Million invested in our key infrastructure including roads and bridges
- £6.6 Million invested in our school property estate
- £4.7 Million invested in the Waste Collection Service
- £3 Million invested in our non-school property estate
- £2.4 Million invested in our ICT and Vehicles/Fleet
- £1.9 Million invested in Economic Development Projects

As a result of the delays in the delivery of capital projects associated with the impact of Covid-19 restrictions, and the subsequent supply chain issues, borrowing to support capital investment was reduced from planned levels in 2021/22. However, it is expected that capital investment levels will be increased over the upcoming period to support ongoing investment in key assets as well as funding for major priority projects including the Dumfries Learning Town Phase 2 and the Borderlands Inclusive Growth Programme.

Amounts Held at the Year-End

As reflected at Note 30 to the Financial Statements (page 88) , the Council holds usable reserves totalling £101.5 Million as at 31 March 2022.



As detailed at Note 30 to the Financial Statements, the significant majority of these resources are committed for specific purposes and can be summarised as follows:-

Covid-19 funding totalling £7.6 Million has been carried forward to support the ongoing provision of response and recovery support activities including additional staffing and non-staff costs within our schools, costs associated with the reopening of our region, economic recovery activities and to offset the ongoing impact on service cost and income levels as Covid-19 impacts and restrictions continue;

£14.4 Million is being held in a Sinking Fund to support the ongoing costs associated with the Smarter Schools PPP project;

Agreed Commitments include £3.7 Million to support Affordable Housing, £1.7 Million to provide increased investment in Carriageway Defect repairs, £2.4 Million to support costs associated with improvements in the Council's Waste Collection, Treatment & Disposal service, £1.6 Million to support Economic Recovery measures plus amounts to support investment in Anti-Poverty Initiatives, Schools Technology, Young Persons Employability and support for Social Work Services.

£5.6 Million is being held in a Corporate Change Fund to support the delivery of change, savings and efficiencies over the upcoming period and a further £5 Million is held in a Budget Pressures/ Resilience Fund to provide some protection against the significant inflationary pressures currently being faced by the Council, particularly in relation to Energy price increases.

Unallocated General Fund Balances have been maintained at the agreed minimum level of 2% of annual planned expenditure which equates to £8.1 Million.

An unallocated balance of £11.7 Million, the utilisation of which will be subject to further Member consideration as part of the development of the new Council Plan and Medium Term Financial Strategy.



Key Financial Indicators

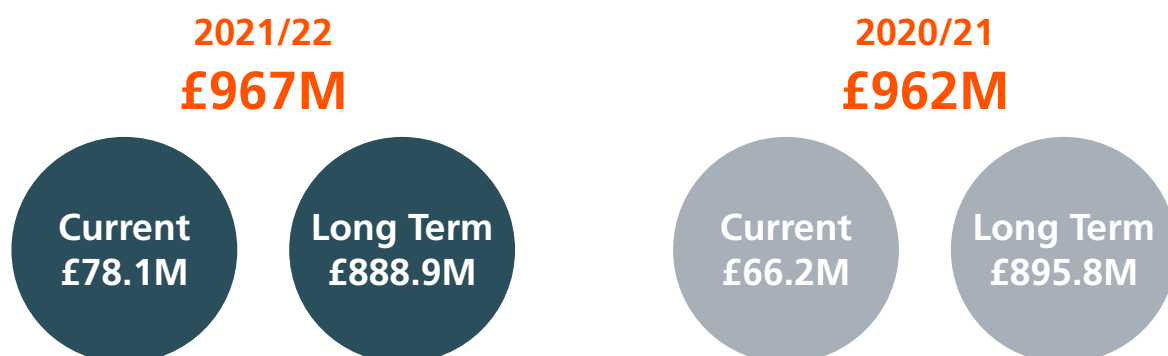
The following financial indicators are designed to assist the reader to assess the performance of the Council over the financial year.

Financial Indicator	Commentary	2021-22	2020-21
Reserves			
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy is 2% of annual expenditure which is considered appropriate in the context of the Council's financial and on-going risk profile. This is also a fundamental factor to the Council's Finance Strategy.	2.00%	2.00%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its uncommitted General Fund Balance. There was no use of uncommitted general balances in 2021-22.	No Change	No Change
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic climate and its effect on the local economy.	96.1%	95.4%
Financial Management			
Actual Outturn compared with Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. The figures exclude the impact of Covid-19 activities.	98.7%	98.3%
Number of Invoices paid within 30 calendar days of receipt	Indicates how timeously the council is meeting its commitment to pay its suppliers within 30 days of receiving invoices.	92.5%	93.2%
Debt/Long Term Borrowing			
Loans Fund Interest Rate	Indicated the effectiveness of treasury management activities through showing the average cost of servicing the councils net debt.	3.16%	3.11%
Ratio of Financing Costs to Net Revenue Stream	This is a measure of how affordable the Council's capital plans are. It shows the cost of annual borrowing repayments as a % of annual revenue spend.	5.5%	5.8%

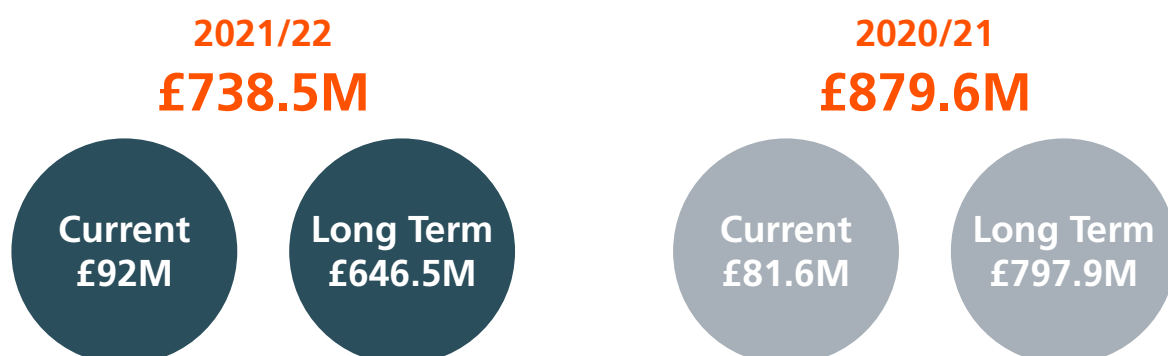
Balance Sheet Assets and Liabilities

The Balance Sheet represents a snapshot of Dumfries & Galloway Council's overall financial position as at 31 March 2022. It brings together the year-end balances of all Dumfries & Galloway Council's accounts and presents money owed to and by the Council, assets owned and the reserves at the Council's disposal. More information on its component parts can be seen in the notes to the Accounts.

Total Assets

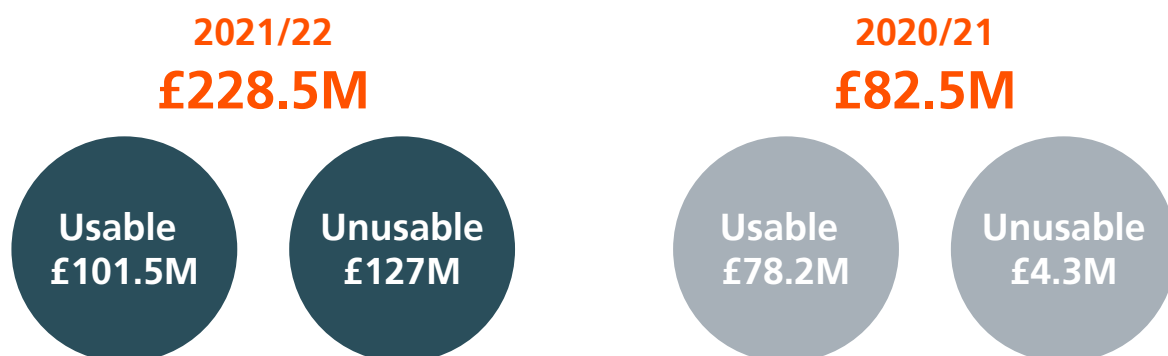


Total Liabilities



Decrease in long term liabilities due to decreased pension liability, with increase in current liabilities due to increase in short term borrowing.

Total Reserves



Unusable Reserves relate to revaluation gains or to hold adjustments to reconcile accounting and statutory adjustments. These reserves are not available to fund the day to day running expenses of the Council.

Details of Assets and Liabilities

Assets

Cash and Cash
Equivalents
£53.6M



Vehicles, Plant
and Equipment
£22.1M



Infrastructure
Assets
£140.4M



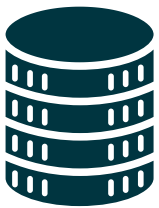
Other Land and
Buildings
£691.4M



Other Assets - **£59.5M**

Liabilities

Borrowing
£190.3M



Short Term
Creditors
£72.8M



Finance Leases
£104.4M



Other Liabilities
£1M

Pensions Liability
£370M



The estimated cost to the Council if all pension scheme members' future pension benefits were payable now.

The pension liability figure decreased by £124.4m from 2020/21 mainly as a result of changes in demographic, financial and other assumptions.

Financial Outlook and Principal Risks

The 2021/22 corporate outturn position represents a positive position for the Council from which to address the exceptional challenges facing the Council, including further reductions in Scottish Government funding support, the impact of current inflationary increases and the cost of living crisis.

The development of the Council's Medium Term Financial Strategy and Council Plan will consider the Council's approach to addressing these challenges, as well as maximising the benefits from utilising the significant non-recurring resources which are currently available to support these pressures.

2022/23 Revenue Budget Plan

The revenue budget for 2022/23 was agreed by Full Council in February 2022 and included savings measures of £2.771 Million, an increase to Council Tax levels of 3% and the temporary use of non-recurring funding of £0.573 Million to balance the budget.

The budget also reflected the utilisation of non-recurring funding of £2.264 Million to support a number of policy development initiatives, including:-

- Additional investment in Carriageway maintenance (£960k)
- Additional resources to help tackle poverty (£370k) – increasing overall resources up to £1 Million for 2022/23
- Resources to support a "Summer of Play" across the region (£264k)
- Support for the Regional Indoor Tennis Centre (£250k)
- Resources to support Climate Change and the strategic Net Zero route map (£270k)

10 Year Capital Investment Strategy

The development of a 10 Year Capital Investment Strategy is a key element in allowing the Council to develop large scale investment proposals over the medium term. The latest 10 year Capital Investment Strategy was agreed at Full Council in February 2022 and reflects total planned Council investment of £418.6 Million in a range of key initiatives which will attract significant additional external funding from Scottish Government and other contributors. The projects being progressed include Dumfries Learning Town Phase 2, the Borderlands Inclusive Growth Programme, various Flood Protection Schemes across Dumfries and Galloway and the development of Dumfries Zero Waste Park.

Financial Risks

The exceptional levels of inflation currently being experienced will impact significantly on the Council's spending with energy costs (gas, electricity and oil), fuel and food costs all subject to significant increases. The extent to which current inflation levels will be sustained, or further increased, over the upcoming period represents a significant financial risk to the Council.

In addition, the current inflation levels and resultant increase in the cost of living has understandably led to increased staff and trade union expectations in relation to pay increases. However, the 2022/23 funding settlement received from the Scottish Government provides no funding to support pay increases which means that pay awards require to be met through the identification of further savings.

Further, the Resource Spending Review, which has recently set out the Scottish Government's high-level spending plans for the period to financial year 2026/27, has indicated that local government funding will be 'cash flat' (ie. frozen at current levels in cash terms). This represents a significant reduction in real terms funding with no allowance made for pay increases, increases in energy, fuel, food and other spending impacted by inflation or for the increased need for Councils to support individuals and communities impacted by the Cost of Living crisis. This means that the impact of pay awards and inflated energy, fuel, food and other costs will require to be matched by further savings and reductions in services.

It is therefore readily apparent that the Council will be required to identify significant further reductions in spending and services over the upcoming period.

Plans to Address Principal Risks

The Council has set aside funding to address budget pressures and the impact of increased inflation over the immediate term and has also developed a strategy to seek to manage these cost increases over the medium term (while recognising that the extent of cost increases remains volatile and difficult to accurately predict at this stage).

The availability of unallocated, non-recurring funding provides a valuable opportunity to support and invest in the measures that the Council will require to undertake to make changes and achieve savings over the upcoming period.

The Covid-19 emergency response period has helped to identify opportunities to adopt alternative approaches to future service delivery through revised operating arrangements, structures and shared services with our partners. The future development of the Transformation Programme will be undertaken alongside and as part of this process.

The themes of the agreed Transformation Programme are:

- Sustained focus of resources on our Council Plan
- Transform our customer experience and improve our digital offer
- Modernise how we deliver some services to meet our outcomes
- Maximise use of fewer assets, working with and within communities
- Develop a smaller more flexibly skilled workforce for the future
- Maximising our income and underpinning fairness through targeted concessions

A key objective of this process will be to identify and support the delivery of significant reductions in the cost of the Council's service delivery.

The Financial Strategy and the Capital Investment Strategy continue to be supported by underlying plans including the Treasury Management Strategy and Prudential Indicators which clearly set out the Council's borrowing and investment arrangements and guidelines for the day to day management of its cash flow activities within appropriate policies and procedures. The Council also has an agreed Procurement Strategy to ensure compliance with regulations and the achievement of value for money in the procurement of goods and services.

Pension Fund Annual Report and Accounts

Dumfries and Galloway Council is the administering authority for the Dumfries and Galloway Council Pension Fund and produces a separate Pension Fund Annual Report and Accounts. These are available on the Council's website.

Acknowledgements

We would like to thank elected Members and colleagues for their assistance and support throughout the year in maintaining and promoting a sound financial management and control framework. We would also like to thank all those staff whose efforts have contributed to the preparation of these accounts.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

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

I confirm that these Audited Annual Accounts were approved for signature by the Audit, Risk and Scrutinee Committee.

Signed on behalf of Dumfries and Galloway Council

Stephen Thompson, Leader

The Head of Finance & Procurement Responsibilities

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

In preparing this statement of accounts, the Head of Finance & Procurement has:

- Selected suitable accounting policies and 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 Head of Finance & Procurement 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 local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2022.

Paul Garrett
Head of Finance & Procurement
27 February 2023

Annual Governance Statement 2021/22

1. Scope of Responsibility

1.1 Dumfries & Galloway Council continues to monitor the effectiveness of the governance framework to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for properly. Since the last report the Council has continued to develop its monitoring and reporting of performance indicators and improved good governance practices.

1.2 Over the period of 2021/2022 Dumfries and Galloway Council has continued to maintain focus on ensuring proper arrangements for governance are in place while seeking to build on the existing good governance practices. The Council continues to facilitate effective exercise of its functions and strategic leadership by making sure the authority's purpose, vision and objectives are clearly communicated to both citizens and service users.

1.3 Dumfries & Galloway's Good Governance processes, strategy and practices include:

- Communicating clear strategic direction, vision, culture and values of the Council
- Improvements in corporate systems, processes and internal controls
- Continued engagement with and leading the community
- Ongoing monitoring and review whether strategic priorities and outcomes have been achieved
- Ensuring that services are delivered cost-effectively by reviewing our procurement standing orders and initiating a transformational programme for procurement
- Maintaining and continually reviewing appropriate arrangements for the management of risk
- Ensuring that the Council complies with the requirements on the Role of the Chief Financial Officer in Local Government, contained in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 2010 Statement, and the Local Authority Accounts (Scotland) Regulations 2014.
- Establishment of the Integrity Group, established to:
 - Monitor and review the Council's Anti-Fraud and Anti-Corruption Policy and Strategy to ensure a continuation of best practice approach and benchmarking;
 - Appoint a Single Point of Contact for Police Scotland;
 - Refresh the Council's whistleblowing policy
 - Improve the Council's mechanism for investigating fraud, corruption and financial irregularity for breach of procurement and Standing Orders

2. The Governance Framework

2.1 The Governance Framework comprises the systems and processes, culture and values which direct and control Dumfries and Galloway Council's activities and through which the Council accounts to, engages with, and leads the community.

2.2 It enables the Council to monitor achievement of the Council Plan and also Community Planning Vision and Principles and the Outcomes which are set out in the region's Local Outcomes Improvement Plan and Locality Plan on food sharing.

The Local Code of Corporate Governance:

2.3 The Council's governance arrangements are reviewed and reported in accordance with statutory requirements and under a framework and guidance for Scotland called "Delivering Good Governance in Local Government" (CIPFA, 2016). The Council's Local Code of Corporate Governance was agreed in 2019 and provides details of our key documents, policies and evidence which support our Governance Framework.

2.4 The Local Code adopts the seven core principles from the framework:

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

2.5 These principles are broken down into sub-principles which facilitates a focused evaluation of each element of our Local Code.

2.6 During the period 2021/2022 the Council undertook an evaluation of our compliance with our Local Code of Corporate Governance using the good governance questionnaires. The findings indicated that some areas could benefit from some further development of good governance practices, whereas some others could improve the practical application of existing practices, but generally across the organisation, the standard of good governance practice and application are good. Note the good governance questionnaires shall in future be rolled out annually to capture and highlight good use of governance techniques, any wants of improvement and identify any services that need support in implementing new or existing good governance practices.

2.7 On 17 December 2020 Full Council agreed the Findings and Recommendations from the Finance, Procurement and Transformation (FPT) Committee's Review of Internal Financial Controls and Procurement Standing Orders including:

"Update the current AGS - it should be a living document with routine updates to the Audit, Risk and Scrutiny Committee - and produce the next AGS (starting in February and presented in July 2021) through a good-practice questionnaire of all senior managers (Chief Executive, Directors, Heads of Service and Service Managers) that seeks to gain assurance about the practices that the individuals or teams have used to ensure compliance. Consideration should be given to making this a six-monthly exercise for the next two years. Full Council should also review the process for considering the AGS. Service Committees may be given the opportunity to consider a draft Statement to comment on their delegated areas and make recommendations to Full Council where required."

2.8 The Annual Governance Statement for 2021/2022 was progressed using the steps agreed at the Audit Risk and Scrutiny Committee on 16 February 2021. Agreement was given at Full Council in March 2021 to seek the views of service committees prior to the annual governance statement being approved as part of the Council's accounts. The Development of the Annual Governance Statement for 2021/2022 was presented to the Audit Risk and Scrutiny Committee for scrutiny on 8 February 2022. The Committee agreed that due to the impending election it was agreed at this time to present the Development of the Annual Governance Statement Report to all Service Committees. Further improvement actions such as the timeline for development of the Annual Governance Statement and the continued use of Good Governance Questionnaires to be issued to all Heads of Service and Service Managers continue to be carried out in accordance with Recommendation 9 of the FPT Review albeit for 2022/2023 although the latter will be issued annually. Also note that the Development of the Annual Governance Statement was reported to full Council on 31 March 2022.

3. Improvements and changes to Governance arrangements during 2021/2022

The progress made in relation to the two Improvement Actions arising from the 2020/21 AGS is set out below (and please also note paragraph 5 below in respect of the Improvement Plan), along with other improvement actions undertaken during 2021/2022.

There were two outstanding actions from the 2019/20 Improvement Plan which although completed in 2020, impacted other improvements for 2021/2022:

- The 2019/2020 Midpoint Review and updating of the Corporate Plan included the Climate Change Priority, which although completed and presented to full Council on 24 September 2020, to build on that, the Council introduced the New Strategic Plan on Climate Emergency in 2021 to reinforce the Climate Change Priority and strengthen the Council Plan and delivery
- Review of Member Appointments to Outside Bodies by May 2021:
 - The Council carried out a review of the Scheme of Representation on Outside Bodies and agreed to renew appointments and nominations following the Council elections in May 2022. The refreshed Scheme of Outside Bodies was presented to Full Council and agreed on 31 March 2022. The Members noted the update on progress on Reviewing Outside Bodies since November 2021, agreed the adoption of the Scheme of Representation on Outside Bodies, agreed the proposed way forward for those organisations that had not responded and agreed the next steps and timetable appended to the Report.¹
- Actions for improvement are contained within the Implementation Plan from the Internal Financial Controls and Procurement Standing Orders Review.
- In order to ensure the effectiveness of local reporting and scrutiny arrangements on an annual basis, Members of the Audit, Scrutiny and Risk Committee were asked to consider a number of recommendations reported on 8 February 2022 relating to Business Plan performance reports and quality/standards and Inspection Reports from December 2020 to December 2021 and the Committee

¹[Scheme of Representation on Outside Bodies Item 15](#)

Dumfries and Galloway Council Audited Annual Accounts 2021/22
agreed that the reporting and scrutiny arrangements in line with the Councils Performance Management Framework is being fulfilled and the effective scrutiny arrangements are in place across the Council.²

3.1 Identifying and Communicating the Authority's Vision of its Purpose and Intended Outcomes for Citizens and Service Users

- At the meeting of Dumfries and Galloway Council on Tuesday 26 September 2017, Councillors agreed its four Priorities and sixteen Commitments and a detailed Council Plan for the next five years to ensure these are delivered. The meeting of Dumfries and Galloway Council on 25 September 2020 agreed the addition of a fifth priority and associated Commitments. Our Council's Priorities are:
 - Build the local economy
 - Provide the best start in life for all our children
 - Protect our most vulnerable people
 - Be an inclusive council
 - Urgently respond to climate change and transition to a carbon neutral region
- An End of Term Report winding up the Council Plan was presented to the Full Council on 31 March 2022 and will be working towards a new Council Plan following the May 2022 election to commit to the Priorities and Commitments of the new Administration. Such shall be used by Elected Members in considering strategic decisions, determining key performance measures, and allocation of resources for the duration of the new Administration.

3.2 Reviewing the Authority's Vision and its Implications for the Authority's Governance Arrangements

- The Council Priorities and Commitments are regularly discussed in the context of feedback from the annual Budget Consultation, the Transformation Programme and consideration of the Business Plans every six months.
- An updated Council Plan including the Climate Emergency Declaration was submitted to Full Council in June 2021. The Climate emergency priority continues to be high on the agenda for the Council's ongoing review of the Council Wide Risks in relation to climate change and existing measures remain in place to ensure effective scrutiny, monitoring and adaptations.

3.3 Translating the Vision into Objectives for the Authority and its Partnerships

- The Council Plan sets out the range of new policies and Plans that translate and underpin the high-level Council Vision into specific issues:
 - Regional Economic Strategy
 - Children's Services Plan
 - Health and Social Care Strategic Plan
 - Digital and Customer Strategy
 - 10 Year capital Investment Strategy
 - Major Festivals and Events Strategy
 - Equalities Action Plan
 - Volunteer Strategy
 - Climate Emergency Strategic Plan
 - Customer Strategy
 - Advocacy and Lobbying Strategy
 - Anti-Social Behaviour Strategy
 - Financial Strategy (Medium term)
 - People Strategy
 - Anti-Poverty Strategy
 - CLD Partners' Strategic Plan
 - Community Engagement and Participants Strategy
 - Active Travel Strategy
 - Commercial development Plan
 - Procurement Strategy
 - Local Development Plan
 - Education Authority Annual Plan
 - Local Housing Strategy
 - Regional Transport Strategy (developed and delivered by SWestrans)
- Council ensures the delivery of service Business Plans to set out how Services are contributing to the Council's Priorities and Commitments, how resources (staff and assets) are allocated to meet them, the

² [Audit Risk & Scrutiny Committee 8 February 2022 Item 7](#)

risks associated with their Service and mitigations in place to address them. These were presented to the relevant Committees throughout May and June 2021, and six-monthly assessments (1 April to 30 September 2021) and were presented throughout November and December 2021.

3.4 Measuring the Quality of Services for Users, ensuring they are delivered in accordance with the Authority's Objectives and ensuring that they represent the best use of resources and Value for Money

- The Council continues to utilise the customer feedback process and that wants of improvement are addressed timeously to ensure positive service response. There is a range of customer satisfaction performance measures in our Business Plans, particularly through annual surveys and regular customer feedback helps the Council identify any positive changes that can be actioned quickly.
- Quality performance information and comparator benchmarking data is embedded in Business Plan performance reports.
- Dumfries and Galloway Council continues to input and be involved in the Local Government Benchmarking Framework (LGBF) benchmarking process, a high-level benchmarking tool, designed by the Improvement Service with input from local authorities to support senior management teams and elected members to ask questions about key council services. It reflects the commitment by SOLACE (SCOTLAND) and COSLA to develop better measurement and comparable data as a catalyst for improving services, targeting resources to areas of greatest impact and enhancing public accountability. The Framework enables Dumfries and Galloway Council to better understand factors that each council can control in improving its costs against its performance achievements. Appropriate staff members from the relevant services continue to participate in these activities.³
- A range of other benchmarking and qualitative comparison is also carried out in individual Services, through professional organisations, national groups and dedicated quality and benchmarking organisations.
- School Inspection Reports were circulated to Elected Members and summaries reported in Business Plan performance monitoring reports to Committees. Note that a common thread schools' letter was issued by the HM Inspector of Schools to parents/carers on 1 February 2022 essentially allowing a further year for schools to take forward recommendations from the original inspection due to challenges arising from the ongoing pandemic and such was reported to the Education and Learning Committee. All School Inspection Reports can be found on the Education Scotland website.⁴

3.5 Defining and Documenting the Roles and Responsibilities of the Executive, Non-Executive, Scrutiny and Officer Functions, with Clear Delegation Arrangements and Protocols for Effective Communication in respect of the Authority and Partnership Arrangements

- The Council has in place a comprehensive Scheme of Delegation and Protocols.
- The Council's Member-Officer Protocol serves to guide relationships between Members and Officers and lays out the arrangements for Member involvement in a range of activities including local issues. It incorporates a Media Protocol which embraces the Code of Recommended Practice on Local Authority publicity.
- Service Committees, Area Committees and the Audit, Risk and Scrutiny and Committee and other Sub Committees and forums have clear remits that are set out in the Scheme of Administration and Delegation to Committees and the respective roles and responsibilities of the Integration Joint Board (IJB) and the Council have been defined and documented.

3.6 Developing, Communicating and Embedding Codes of Conduct, Defining the Standards of Behaviour for Members and Staff

- Dumfries and Galloway Council has adopted the National Code of Conduct for Employees (with amendments) as its Local Code. The Code sets out the minimum standards of conduct expected of Council employees. It incorporates 'The Seven Principles of Public Life' identified by the Nolan Committee on Standards in Public Life and adapted for a local government context. The Council also introduced a new People Strategy setting out how we want to engage and develop our workforce, outlining key priorities and drivers through to 2026. The Council has also adopted the Standards Commission's Code of Conduct for Elected Members. The Member Officer Protocol serves to guide Members and Officers of the Council in their relations with one another and reflects the principles underlying the respective Codes of Conduct which apply to Members and Officers.

3.7 Reviewing the Effectiveness of the Authority's Decision-Making Framework, including Delegation Arrangements, Decision Making in Partnerships and Robustness of Data Quality

³ [Improvement Service Local Government Benchmarking Framework](#)

⁴ [Education Scotland Inspection Reports](#)

- The Council has continued to enhance and strengthen its decision-making framework through its Review of Standing Orders (ROSO) Sub-Committee which is remitted to keep the Council's Standing Orders and Schemes of Delegation under review. Full Council Members were asked to consider recommendations from the Review of Standing Orders Sub Committee with regards to amendments to the Scheme of Administration and Delegation to Committees and Scheme of Delegation and Responsibilities to Officers and Statutory Appointments. Members were asked to agree the definition of key decision making, agree that the South of Scotland Enterprise should be approached to consider the request to report on local plans and activities at area committees, agree the Scheme of Administration and Delegation to Committees from 1 April 2022 and to reflect on the changes to the Scheme. Members were also asked to consider the Delegation to Committees and Scheme of Delegation and Responsibilities to Officers and Statutory Appointments which would come into effect from 1 April 2022 and consider options in respect of the Local review Body representation and Youth Council representation.⁵
- Each committee report is subject to governance checks which cover legal implications, financial, considerations, data protection and also the adequacy of information and data provided to enable Elected Members to come to a decision. In addition, each committee report is required to evidence the outcome of its Impact Assessment - the approach of the Council is a generic IA covering the statutory requirements of equalities, environmental and climate change, the Fairer Scotland Duty about inequality which also takes into account health inequalities, social and economic sustainability.
- The Review of Standing Orders Sub-Committee met 4 times during the period 2021/2022 (May, November 2021 February and March 2022).
- Full Council appointed Champions for Armed Forces, Environment, Events, Older Person's and Young People and Annual Reports were submitted and approved throughout the year.

3.8 Reviewing the Effectiveness of the Framework for Identifying and Managing Risks and Demonstrating Clear Accountability

- The Council's Risk Management arrangements have been developed significantly during 2021/2022. The Framework and template materials are available on the Council's intranet 'Connect' for easy access. The Audit Risk and Scrutiny Committee has a remit for the independent assurance of the adequacy of the risk management framework and the associated control environment within the Council to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations.
- On 5 October 2021 the Communities Committee were updated on the Council's risk management arrangements and noted the review of the Council's risk management framework and to also note that further consideration would be given to risk appetite with an intention report again to the Communities Committee and the Audit Risk and Scrutiny Committee in February 2022 and agree the increase in resources for risk management support from the Council's internal audit team.
- A new Subgroup of the Council Management Team (CMT) was established with representation from each Service to monitor and review organizational risks, challenges and impacts and manage the same. It has developed the strategic Risk Registers, submits them to CMT for monitoring on a quarterly basis, which in turn will make recommendations to the Senior Leadership Team (SLT) to agree any changes.
- The Audit Risk and Scrutiny Committee were presented with a Report to update Members on the operation of the Council's risk management arrangements on 14 December 2021. Members were asked to note actions undertaken during the year which supported the development and use of risk management as a business tool, consider the effectiveness of the Council's current risk management arrangements in providing reasonable assurance of effective and efficient operations, and agree to consider at the Committee's meetings in February and March 2022.
- The two identified risks relating to CW05 Major Capital Projects (delivery to time, cost and quality) and CW08 Climate Change were considered at the Audit, Risk and Scrutiny Committee, noting the ongoing review of the Council Wide Risks in relation to climate change and the existing measures in place to manage the Council's climate change risk.
- Education and Learning Committee agreed the terms of reference of the Project Board for Dumfries Learning Town for example and have agreed the reporting schedule and the expectation of Members' scrutiny of a Quality Plan prior to submission to Scottish Government as part of the Learning Estate Investment Programme.
- Additional actions put in place such as the introduction of the Strategic Plan on Climate Emergency is significant and relevant to our strengthening Council Plan and delivery and will reinforce the Council's aspiration to manage the climate change risk consider the implications of the climate change risk on

⁵ [Committees and Scheme of Delegation and Responsibilities to Officers and Statutory Appointments](#)

Council activities in respect of strategic oversight and leadership, carbon reduction and adaptation and mitigation were also considered.⁶

- Each of the 11 Business Plans includes a Risk Register for the Service.
- A Risk Register was developed for the region in relation to the COVID Emergency and along with the UK Exiting the EU Risk Register, was reported to Full Council on 14 December 2021.
- The Council wide Business Risk Register was agreed by the Senior Leadership Team and reported to Audit, Risk and Scrutiny Committee on 14 December 2021.

3.9 Ensuring Effective Counter-Fraud and Anti-Corruption Arrangements are Developed and Maintained

- The Audit, Risk and Scrutiny Committee considers all reports by the Council's external auditors including their observations on the Council's arrangements for identifying and responding to frauds and other financial irregularities.
- Internal Audit will assist with fraud investigations where appropriate, but more serious allegations are referred at the first instance to Police Scotland.
- In the ordinary course of work, internal auditors consider the adequacy and effectiveness of controls which assist management to prevent and detect fraud.
- The Council's whistle-blowing policy includes access to a confidential helpline (Expolink) which allows staff to report any concerns.
- The Corporate Anti-Fraud and Anti-Corruption Policy and Strategy was comprehensively reviewed and reported through the Council Management Team and agreed by full Council on 31 March 2022.

3.10 Ensuring Effective Management of Change and Transformation

- The Council continues to support the delivery of change, improvement, and transformation across the organisation by focusing on Council Priorities and deploying a range of recognised approaches to support the identification and delivery of opportunities to improve quality and transform services to meet these. These include using self-evaluation through Public Sector Improvement Framework; system and business process reviews, using lean approaches; service review programmes; implementing major business change projects; and benchmarking for improvement.
- The Council agrees a formal Budget Development process in place in June each year which includes stakeholder engagement and Impact Assessment.
- Our Council's Workforce Strategy sets out our workforce agenda within four key themes including planning effectively for our Council's future needs (workforce and succession planning focus; Improve employee engagement; Enabling our employees to succeed, with the right skills, ability and knowledge to undertake new or revised roles; and building transferrable skills and support young people in finding employment.
- Our Management Development Programme is designed to upskill middle managers, make them more effective in delivering services and supporting our workforce.
- Our Council Workforce Transition Board looks at workforce planning, voluntary severance and wider strategic workforce issues to ensure that we transform our Workforce to meet future needs.
- The Council's Transformation Programme reported regularly to the Finance, Procurement and Transformation Committee during 2021/2022.
- The new People Strategy ensures that key messages are shared throughout the workforce to increase the understanding across all levels of organizational change and transformation programmes.
- The Customer Strategy ensures that customers' needs and expectations are met at their first point of contact with us.

3.11 Ensuring the Authority's Financial Management Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and the Local Authority Accounts (Scotland) Regulations 2014 and, where they do not, Explain Why and How They Deliver the Same Impact

- The Head of Finance and Procurement is authorised as Proper Officer (S.95 Local Government (Scotland) Act 1973) for the administration of the Council's financial affairs and his role is outlined in the Council's Scheme of Delegation to Officers. The Head of Finance and Procurement is a member of the Corporate Management Team.
- The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management

⁶ [Audit, Risk & Scrutiny Committee 15 March 2022 Item 7](#)

supervision and a scheme of delegation and accountability. The system is maintained and developed by officers within the Council and includes:

- Comprehensive budgeting systems;
 - Regular reviews of periodic financial reports that measure financial performance against forecasts;
 - Targets against which financial and operational plans can be assessed;
 - Preparation of regular financial reports which compare expenditure with plans and forecasts;
 - Clearly defined capital expenditure guidelines;
 - Formal project management disciplines.
- The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
 - The draft Annual Accounts were approved by the Audit, Risk and Scrutiny Committee on 21 September 2021.
 - Annual Reports on Treasury Management and Procurement were approved by the FPT Committee in September 2021.
 - The External Audit Plan considered by Members in April 2021 and is now being implemented.
 - New Devolved School Management Scheme approved by Members in October 2021 which sets out the governance arrangements for school financial management in line with National guidance and financial codes of conduct. A training programme is progressing to ensure that all senior managers within the service have an understanding of their roles and responsibilities in our empowered system.
 - New School Fund Guidance developed to support schools to ensure compliance with financial codes of conduct and promote sound procedures is in place for the operation of the funds.

3.12 Ensuring the Authority's Assurance Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, Where They Do Not, Explain Why and How They Deliver the Same Impact

- The Annual Internal Audit and Controls Assurance Statement 2020-21 was reported to the Audit Risk and Scrutiny Committee on 21 September 2021 which agreed the internal audit plan for 2021/2022.

3.13 Ensuring Effective Arrangements Are in Place for the Discharge of the Monitoring Officer Function

- Our Council appoints a Monitoring Officer and two Deputies, who act when the Monitoring Officer is absent from the office or considers there is a conflict of interest. In carrying out any enquiries, the Monitoring Officer has unqualified access to any information held by the Council and to any employee who can assist in the discharge of the functions.
- The Chief Executive meets with the Monitoring Officer, and other statutory appointments monthly to consider and recommend action in connection with current governance issues and other matters of concern regarding probity.
- The Governance and Assurance Service is currently undertaking an Infrastructure Review with the key objective of ensuring compliance, early intervention and prevention by the Governance Teams and in particular Legal Services. An improved Governance and Assurance Service will provide a better and more effective Monitoring Officer role.

3.14 Ensuring Effective Arrangements are in Place for the Discharge of the Head of Paid Service Function

- Delegations to the Chief Executive are set out in the Council's Scheme of Delegation to Officers and Statutory Appointments such as the Chief Social Work Officer, s.95 officer, Monitoring Officer, Chief Education Officer, proper officers.

3.15 Undertaking the Core Functions of an Audit Committee, as Identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities

- The Audit Risk and Scrutiny Committee undertook a self-evaluation against the Audit Scotland 'Audit Committee checklist' and considered the results along with an assessment of the Committee's work programme at its meeting at the February 2022 Audit Risk and Scrutiny Committee.

3.16 Ensuring Compliance with Relevant Laws and Regulations, Internal Policies and Procedures, and that Expenditure is Lawful

- The Council's decision-making structure includes Schemes of Delegation, Standing Orders, Financial Regulations and Procurement Standing Orders.
- The Council's Financial Regulations state that financial transactions are not permitted unless they fall within the legal powers of the Council and are within the limits set by the Council. The Council has

internal legal resources and uses external legal resources for complex issues on which particular expertise is required.

- Annual Reports on key aspects of our business are presented to Members for approval, including Procurement, Treasury Management, Internal Audits, Scrutiny Reviews.
- The Review of Internal Financial Procedures and Procurement Standing Orders by the Finance, Procurement and Transformation Committee agreed a number of recommendations relating to internal financial procedures at its meeting in February 2021 which are now being implemented.
- The Audit, Risk and Scrutiny Committee undertook a review of the Service and Area Committee reporting and Scrutiny arrangements and at its meeting in February 2022 and agreed that the arrangements were effective.
- The FPT Committee required assurance that Finance and Procurement and Governance and Assurance are positioned and equipped to identify emerging financial and legal risks to the Council. As such the Governance and Assurance Service is currently undertaking an Infrastructure Review, starting with Legal Services and Democratic Services. The review seeks to ensure the provision of an effective, efficient and responsive service, ensuring Best Value, that strengthens and promotes early intervention and prevention input across Council functions, thus mitigating and reducing Council legal risks and improve governance and decision making.

3.17 Policy on Whistleblowing and for Receiving and Investigating Complaints from the Public

- The Council has an Expolink Hotline in place where employees can flag up serious issues anonymously.
- The Local Negotiating Committee for Teachers recommended that the Council policy on Raising Concerns (June 2021) made specific reference to those staff on teachers' terms and conditions and agreed to endorse this in January 2022.
- The Complaints Handling software updated in October 2020 continues to be utilised to provide for better tracking and handling of complaints. We publish an Annual Complaints Monitoring Report each year as required by the Scottish Public Services Ombudsman (SPSO). The report is made available online on the Council's website and in hard copy in Customer Service Centres.

3.18 Identifying the Development Needs of Members and Senior Officers in Relation to their Strategic Roles, Supported by Appropriate Training

- Members have open access to a range of training and Continuing Professional Development (CPD) events on an individual basis and are supported in identifying their training and Continuing Professional Development. Complementary to the formal programme, is a series of briefing events and seminars on new legislation and policies and there are Members Seminars to inform the Service Business Plans.
- Our Council promotes the Improvement Service programme for Elected Members. Members have the opportunity to self and peer group assess themselves against the skills profile of their role using 360° appraisals.
- All Council officers participate in the Council's annual performance development review programme. Each Officer therefore has Objectives which are linked to the Council's business needs and Priorities and their Service's Objectives. Completion rates are reported in the Service Business Plans.
- A Scrutiny Review of Support to Elected Members has been undertaken during 2021 this has included a survey of Members about the training and development needs; engagement with the Improvement Service; and benchmarking with other Scottish councils. Recommendations arising from the Scrutiny Review were agreed by Full Council on 24 June 2021 and informed the arrangements for the new Council.

3.19 Establishing Clear Channels of Communication with all Sections of the Community and Other Stakeholders, Ensuring Accountability and Encouraging Open Consultation

- Community empowerment continues to be a strength for our Council and the implementation of the Community Participation and Engagement Strategy and Framework, Ward Events, Participatory Budgeting exercises and Community Conversations (discussions with communities about the services in their area) have all progressed well.
- Engagement work with the Health and Social Care Partnership and NHS, D&G has been embedded with the established Participation and Engagement Network (a voluntary citizens panel); the Climate Change Citizens Panel is developing well.
- The implementation of the Digital and Customer Strategy has opened up clear communication channels across the organisation and the public and ensures that key messages are received, increasing the understanding of customers and staff and Elected Members alike.

- The Digital and Customer Strategy has also resulted in substantial improvements in our customer processes to ensure that key messages reach the wider audience efficiently and customer assistance is both user friendly and process driven to the extent that such should combat negative filtering and blockages.

3.20 Enhancing the Accountability for Service Delivery and Effectiveness of Other Public Service Providers

- Our Full Council and the Social Work Committee has considered reports about the relationship with the Integration Joint Board, including the Annual Report and the Clinical and Care Governance report, required as part of the Scheme for Integration.

3.21 Incorporating Good Governance Arrangements in respect of Partnerships and Other Joint Working as identified by Audit Scotland's Report on the Governance of Partnerships, and reflecting these in the Authority's Overall Governance Arrangements

- The Council is a key partner in the region's Community Planning Partnership Board and Executive Group and their work programmes include scrutiny of Annual Reports on the work of thematic partnerships and working groups; and regular updates on the ten plans and strategies that contribute to the Local Outcomes Improvement Plan. All of this work is promoted on the Community Planning webpages and features in communications including social media.
- The Community Planning Partnership has an Operating Protocol continues to be kept up to date and which details the memberships, remits and communications arrangements of CP groups.
- The Community Planning Partnership Improvement Plan for 2021/2022 were agreed by the CPP Board in November 2021.
- The Council continues to work effectively in partnership with the Integrated Joint Board, Health and Social Care Partnership, the South of Scotland Regional Economic Partnership as well as continuing to work closely with our public protection partners.

4. Review of Effectiveness

4.1 The Council continuously reviews the effectiveness of its governance arrangements. Senior Management arrangements have been strengthened with the strategic focus placed on the Senior Leadership Team (Chief Executive, three Directors, the Chief Social Work Officer and Chief Officer Renewal, Restart and Recovery) which meets weekly, and the Corporate Management Team (all Heads of Service) which also meets weekly, with additional senior officers participating on a fortnightly basis.

4.2 The agendas of these management groupings during 2021/2022 covered all aspects of the Council's corporate arrangements particularly finance, OD and HR; property; business planning; Health and Safety; participation and engagement; key strategic projects and programmes. The CMT had a programme of reports about key corporate issues including for example Impact Assessment, Community Participation and Engagement. A review is scheduled to be undertaken at the conclusion of the programme.

4.3 Elected Members are central to the Council's governance arrangements and there is a healthy culture of questions and challenge, evidenced by some modernisation in adopting remote access including the establishment of a Governance & Culture Member Officer Working Group which was initially presented to Full Council on 25 March 2021 and updated to Full Council in March 2022.

4.4 The Internal Audit function within Dumfries & Galloway Council is responsible for independent appraisal of the Council's systems of internal control (including risk management). The work undertaken by Internal Audit during 2021/2022 was based on the assessment of risks and consultation with the Corporate Management Team.

4.5 Internal Audit communicates its findings through reports to operational management. These reports are also reviewed by the Audit, Risk and Scrutiny Committee particularly in respect of the effectiveness of Internal Audit's work and the adequacy of management's response. The recommendations in Internal Audit's reports are tracked and reported through to completion to provide assurance that necessary control improvements have been implemented by management.

4.6 The priority work for the Internal Audit section is the continuation of a three-year programme of assurance testing on the main financial systems of the Council.

5. Conclusion

5.1 On the basis of the review of governance arrangements for 2021/22, it is confirmed that the Council:

- has continued to focus on its Council Plan;

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- has continued to work with its partners to deliver shared outcomes for its citizens and customers, notwithstanding a challenging budget environment;
- continues to demonstrate and improve on the principles of good governance in the behaviours of its Elected Members and Officers;
- in consultation with local people it has made informed and transparent decisions which are subject to effective scrutiny;
- has managed its risks effectively;
- has responded appropriately when performance has not been adequate;
- has made good progress in the Best Value Assurance Report Improvement Plan;
- and it has ensured Elected Members and Officers have the capacity and capability to deliver its purpose effectively;
- The use of the Good Governance Questionnaires has highlighted some wants of improvement but also highlighted that generally the governance practices across the organisation are good.

5.2 We are therefore satisfied that the Council has in place appropriate arrangements for the governance of its affairs and that reasonable assurance can be placed on the adequacy and effectiveness of the Council's corporate governance systems in the year to 31 March 2022.

Signed:

Stephen Thompson, Leader,
Dumfries & Galloway Council

Dawn Roberts, Chief Executive
Dumfries & Galloway Council

Remuneration Report

Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2011). These Regulations require various disclosures about the remuneration and pension benefits of senior councillors and senior employees.

For completeness, the disclosure requirements under paragraph 3.4.4.1(5) of the Code for the totals of elected members' salaries, allowances and expenses, and those under 3.4.5.3. of the Code for the number of officers whose remuneration in the year was greater or equal to £50,000 grouped in bands of £5,000 and the number of exit packages agreed have been included in separate tables within this report.

All information disclosed in the tables in this Remuneration Report will be audited by the Council's appointed auditors, Grant Thornton UK LLP. The other sections of the Remuneration Report will be reviewed by Grant Thornton to ensure that they are consistent with the financial statements.

Arrangements for Remuneration

Leader, Depute Leader & Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007. The regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Convenor, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Convenor cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

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

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2021/22 the salary for the Leader of Dumfries & Galloway Council was £32,560. The Regulations permit the Council to remunerate one Civic Head (Depute Leader). The Regulations set out the maximum salary that may be paid to that Civic Head. The Administration of the Council have agreed that the remuneration for the Leader and Depute Leader are equalised however, the total remuneration is still in accordance with Band B Councils as set out in Councillors' Remuneration, Allowances and Expenses Guidance from recommendations made by the Scottish Local Authorities Remuneration Committee (SLARC) in its 2009 Report "Annual Review of Remuneration for Local Authority Councillors".

The regulations set out the remuneration that may be paid to senior councillors and the total number of senior councillors that the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its senior councillors, excluding the Leader and the Depute Leader, shall not exceed £323k. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary grade within these maximum limits.

In 2021/22 Dumfries & Galloway Council had 14 senior councillors, excluding the Leader and the Depute Leader, and the remuneration paid to these councillors totalled £323k. The regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme. The Dumfries & Galloway Council Members' Salaries and Expenses Scheme which encompasses the salaries of all Elected Members including the Leader, the Depute Leader and Senior Councillors was agreed at a meeting of the Full Council on 17 December 2020.

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The rate of pay for Directors and other Chief Officials are set out in SJNC Circular CO/150.

The Full Council sets the remuneration levels for senior officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and for performance management within the guidelines of and as determined by the Scottish Ministers and the Scottish Government. In reaching its decisions, the Council has regard to the need to recruit, retain and motivate suitably able and qualified people to exercise their different

responsibilities, the Council's policies for the improvement of the delivery of local public services, and the funds available to the Council. Pay bonuses or performance related pay are not applicable to any senior employees.

Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Council. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

Remuneration of Senior Councillors

The table below details the remuneration paid to Senior Councillors for Financial Year 2021/22 for the responsibilities they held.

Senior Councillors	Role	2021/22			2020/21
		Salary & Allowances £	Expenses £	Total Remuneration £	Total Remuneration £
Elaine Murray	Leader	32,560	0	32,560	31,250
Rob Davidson	Depute Leader	32,560	0	32,560	31,250
Archie Dryburgh	Vice Chair - Economy & Resources Committee (Note 1)	29,466	1,216	30,682	24,829
Jeff Leaver	Chair - Education & Learning Committee	23,066	0	23,066	22,319
Ros Surtees	Vice Chair - Education & Learning Committee	23,066	0	23,066	22,319
Jim Dempster	Chair of Planning Applications Committee	23,066	365	23,431	23,343
John Campbell	Vice Chair of Planning Applications Committee	23,066	112	23,178	22,347
Andy Ferguson	Chair - Communities Committee	23,066	0	23,066	22,319
John Martin	Vice Chair - Communities Committee	23,066	0	23,066	22,319
Stephen Thompson	Chair - Social Work Services Committee	23,066	1,347	24,413	22,429
David McKie	Vice Chair - Social Work Services Committee	23,066	0	23,066	22,319
Adam Wilson	Chair Finance, Procurement and Transformation Committee	23,066	182	23,248	22,514
Iain Carruthers	Chair - Audit, Risk and Scrutiny Committee	23,066	0	23,066	23,119
Jane Maitland	Vice Chair - Audit, Risk and Scrutiny Committee	23,066	0	23,066	22,319
Tracey Little	Provost	23,066	0	23,066	22,319
Katie Hagmann	Vice Chair Finance, Procurement and Transformation Committee (Note 2)	23,066	0	23,066	14,880
Henry McClelland	Vice Chair Finance, Procurement and Transformation Committee (Note 2)	-	-	-	8,076
Total		394,444	3,222	397,666	380,270

1. Senior Councillor Archie Dryburgh received an additional payment of £6,400. (£1,100 – APSE Vice Chair Fee and £5,300 APSE Chair Fee)
2. Councillor Hagmann replaced Councillor McClelland in the role of Vice Chair Finance, Procurement and Transformation Committee from 31/07/2020

Members' Remuneration

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

	2020/21 £000	2021/22 £000
Salaries	768	800
Allowances	91	97
Expenses	8	10
Totals	867	907

The annual return of Councillors' salaries and expenses for 2021/22 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at www.dumgal.gov.uk

Remuneration of Senior Employees

The following table shows the remuneration paid to the Council's senior employees. The term senior employee includes any local authority employee:

- 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 (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
- whose annual remuneration is £150,000 or more.

The figures shown in the table below reflect the duration of appointments, with the increased costs for 2021/22 reflecting the full implementation of the Council's agreed management structure.

Senior Officers	Post	Salary (including fees & allowances) £	Expense allowances £	Total remuneration excluding pension contributions 2021/22 £	Note	Total remuneration excluding pension contributions 2020/21 £
Gavin Stevenson	Chief Executive	143,212	0	143,212	1 & 4	151,832
Fiona Lees	Interim Chief Executive	57,185	0	57,185	2	0
Derek Crichton	Interim Chief Executive	121,214	0	121,214	3	111,195
Lorna Meahan	Director Economy and Resources	114,864	0	114,864	4	111,195
Gillian Brydson	Director Skills, Education and Learning	112,223	0	112,223		108,660
Shaun Morley	Interim Director Communities	14,109	0	14,109	6	0
James Brown	Head of Education	95,437	0	95,437	4 & 8	39,701
Lillian Cringles	Head of Social Work	96,871	0	96,871		95,812
Paul Garrett	Head of Finance and Procurement	90,721	0	90,721	4	87,467
Vladimir Valiente	Head of Governance and Assurance	88,451	5,000	93,451	5	20,766
Richard Grieveson	Chief Officer – Renewal, Restart and Recovery	94,929	0	94,929		89,409
Nick Evans	Democratic Services Manager (Interim Monitoring Officer)	0	0	0		51,927
		1,029,216	5,000	1,034,216		867,964

Note:

1. Gavin Stevenson retired from his role as Chief Executive on 16 December 2021.
2. Fiona Lees was appointed the role of interim Chief Executive from 5 April 2021 until 13 August 2021.
3. Derek Crichton was appointed the role of interim Chief Executive from 17 December 2021. The remuneration noted above reflects payments for this role and his substantive role of Director Communities.
4. The following payments were made in respect of Election duties: - G Stevenson £2,000, L Meahan £2,600, P Garrett £2,200, V Valiente £2,400, J Brown £600.
5. Vladimir Valiente received a payment of £5,000 as a relocation package.
6. Shaun Morley was appointed as interim Director Communities on 14 February 2022.
7. Nick Evans was appointed the role of interim Monitoring Officer until 2 January 2021.
8. James Brown was appointed as the Chief Education Officer on 26 October 2020.

Remuneration of Employees receiving more than £50,000

The Council's employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Code, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

Salary	Teachers		Council		Total	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£150,000 to £154,999	0	0	1	0	1	0
£140,000 to £144,999	0	0	0	1	0	1
£120,000 to £124,999	0	0	0	1	0	1
£110,000 to £114,999	0	0	2	2	2	2
£105,000 to £109,999	0	0	1	0	1	0
£95,000 to £99,999	0	0	1	2	1	2
£90,000 to £94,999	0	0	0	3	0	3
£85,000 to £89,999	2	2	6	7	8	9
£80,000 to £84,999	0	1	1	1	1	2
£75,000 to £79,999	6	8	4	2	10	10
£70,000 to £74,999	5	5	5	8	10	13
£65,000 to £69,999	16	12	4	9	20	21
£60,000 to £64,999	27	45	23	22	50	67
£55,000 to £59,999	98	79	35	36	133	115
£50,000 to £54,999	130	122	26	25	156	147
Total Headcount	284	274	109	119	393	393

Exit Packages

During the year 1 April 2021 to 31 March 2022, no staff left the Council under Early Retirement/Voluntary Severance. The details below provide confirmation of the exit packages reflected for 2020/21.

Range	Total Amount Paid		Number of people in range	
	2020/21	2021/22	2020/21	2021/22
	£	£		
£0 - £20,000	112,863	-	21	-
£20,000 - £40,000	-	-	-	-
£40,000 - £60,000	-	-	-	-
£60,000 - £80,000	-	-	-	-
£80,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
£200,000 - £250,000	-	-	-	-
	112,863	0	21	0

Pension Benefits**Local Government Pension Scheme**

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

From 1 April 2015 the LGPS moved to a Career Average Revalued Earning (CARE) scheme. From then benefits for all members are worked out on a career average basis. Pension benefits accrued to 31st March 2015 are protected and worked out on final pay for employee members and career average for Councillor members when leaving. Normal Pension age in the scheme is State Pension age. On retirement members have the option of giving up some of their annual pension for a tax-free lump sum.

From 1 April 2009 a five-tier contribution system was introduced with contributions from scheme members being based on how much of their pensionable pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership.

The tiers and member contribution rates for 2021/22 are as follows:

Actual Pensionable Pay	Contribution Rate 2020/21	Actual Pensionable Pay	Contribution Rate 2021/22
On earnings up to and including £22,200	5.50%	On earnings up to and including £22,300	5.50%
On earnings above £22,201 and up to £27,100	7.25%	On earnings above £22,301 and up to £27,300	7.25%
On earnings above £27,101 and up to £37,200	8.50%	On earnings above £27,301 and up to £37,400	8.50%
On earnings above £37,201 and up to £49,600	9.50%	On earnings above £37,401 and up to £49,900	9.50%
On earnings above £49,601	12%	On earnings above £49,901	12%

Members pay contributions based on their actual pay. For part time employees pensionable pay includes additional hours up to their post's full time equivalent hours.

There are two sections to the LGPS, the main section and the 50/50 section. All members are placed in the main scheme. The member pays contributions in accordance with the table above and receives 1/49th of their pensionable pay as an annual pension pot for the year, or proportion of the year while in the main scheme.

The 50/50 section of the scheme was introduced as a short-term measure for members who may be having financial difficulties and would benefit from paying a reduced contribution for a period of time, rather than opting out of the scheme. Whilst in the 50/50 section the member pays half contributions to build up 1/98th of actual pensionable pay as an annual pension pot. Members of the 50/50 section can move back to the main section on request and are re-enrolled in the main scheme by their employer at the employer's Automatic Enrolment re-enrolment date.

From 1 April 2015 members have a Pension Account in the scheme for each pensionable employment held. The amount of pension in a Pension Account at the end of each scheme year is adjusted in line with the cost of living - as currently measured by the Consumer Prices Index (CPI) - to ensure it keeps its value. The employer's contribution rate was 22% for 2021/22.

Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th or 1/98th of Actual Pensionable pay each year from 1 April 2015.

Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a guaranteed lump sum based on 3/80th of final pensionable salary and years of pension scheme membership. For employee members between 1 April 2009 and 31 March 2015 the scheme guaranteed an annual pension based on an accrual rate of 1/60th of final pensionable pay and years of pension scheme membership.

Councillors, prior to 1 April 2009, accrued an annual pension based on 1/80th and a guaranteed lump sum based on 3/80th of career average pay and years of pension scheme membership. Between 1 April 2009 and 31 March 2015, for Councillors, the scheme guaranteed an annual pension based on an accrual rate of 1/60th of career average pay and years of pension scheme membership. The LGPS Regulations define the calculation for pre-2015 career average pay differently to post 2015 CARE pay.

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The value of the accrued benefits is calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age, without exercising any option to 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 member has accrued as a consequence of their total local government membership and not just their current appointment only if the member has elected to aggregate all of their membership.

Pension Benefits of Senior Councillors

The pension benefits for senior councillors who are members of the Dumfries & Galloway Council Pension Fund are shown in the following table, together with the contribution made by the Council to each senior councillor's pension.

Senior Councillors	Role	In Year Pension Contributions			Accrued Pension Benefits		
		to 31 March 2022 £	to 31 March 2021 £		31 March 2022 £000's	31 March 2021 £000's	Difference £000's
Elaine Murray	Leader	7,163	6,725	Pension	3	2	1
				Lump Sum	0	0	0
Rob Davidson	Depute Leader	7,163	6,725	Pension	5	4	1
				Lump Sum	0	0	0
Archie Dryburgh	Vice Chair - Economy & Resources Committee	5,075	4,803	Pension	6	6	0
				Lump Sum	2	2	0
Jeff Leaver	Chair - Education & Learning Committee	5,075	4,803	Pension	8	6	2
				Lump Sum	2	2	0
Ros Surtees	Vice Chair - Education & Learning Committee	5,075	4,803	Pension	2	2	0
				Lump Sum	0	0	0
Jim Dempster	Chair of Planning Applications Committee	2,817	4,803	Pension	9	8	1
				Lump Sum	1	1	0
John Campbell	Vice Chair of Planning Applications Committee	5,075	4,803	Pension	2	2	0
				Lump Sum	0	0	0
Andy Ferguson	Chair - Communities Committee	5,075	4,803	Pension	6	5	1
				Lump Sum	0	0	0
John Martin	Vice Chair - Communities Committee	5,075	4,803	Pension	6	5	1
				Lump Sum	0	0	0
Stephen Thompson	Chair - Social Work Services Committee	5,075	4,803	Pension	4	4	0
				Lump Sum	0	0	0
Adam Wilson	Chair Finance, Procurement and Transformation Committee	5,075	4,803	Pension	2	2	0
				Lump Sum	0	0	0
Katie Hagmann	Vice Chair Finance, Procurement and Transformation Committee - Note 2	5,075	3,365	Pension	2	1	1
				Lump Sum	0	0	0
Ian Carruthers	Chair - Audit, Risk and Scrutiny Committee	5,075	4,803	Pension	4	4	0
				Lump Sum	0	0	0
Jane Maitland	Vice Chair - Audit, Risk and Scrutiny Committee	5,075	4,803	Pension	4	3	1
				Lump Sum	0	0	0
Tracey Little	Provost	5,075	4,803	Pension	2	2	0
				Lump Sum	0	0	0
Henry McClelland	Vice Chair Finance, Procurement and Transformation Committee - Note 2		1,400	Pension	N/A	1	N/A
				Lump Sum	N/A	0	N/A
Total		78,043	75,851		70	62	

Note:

1. One of the Senior Councillor's (D McKie) does not appear in the above table as they have opted out of the Local Government Pension Scheme.
2. Councillor Hagmann replaced Councillor McClelland in the role of Vice Chair Finance, Procurement and Transformation Committee on 31/07/2020.

Pension Benefits of Senior Employees

The pension benefits for senior employees are shown in the table below, together with the contribution made by the Council to each senior employee's pension.

Senior Employees	Post	In year pension contributions		Accrued Pension Benefits			
		For year to 31 March 2022 £	For year to 31 March 2021 £		As at 31 March 2022 £000	As at 31 March 2021 £000	Difference from 31 March 2021 £000
Gavin Stevenson	Chief Executive – Note 1	23,776	32,355	Pension	74	71	3
				Lump sum	114	113	1
Lorna Meahan	Director Economy and Resources	24,697	23,930	Pension	45	42	3
				Lump sum	54	53	1
Derek Crichton	Interim Chief Executive – Note 2	26,666	23,930	Pension	62	56	6
				Lump sum	103	95	8
Gillian Brydson	Director Skills, Education and Learning	24,688	23,385	Pension	53	49	4
				Lump sum	82	80	2
Lillian Cringles	Head of Social Work	21,311	20,620	Pension	30	28	2
				Lump sum	21	21	0
Paul Garrett	Head of Finance and Procurement	19,474	18,824	Pension	40	38	2
				Lump sum	55	55	0
Vladimir Valiente	Head of Governance & Assurance	18,931	4,482	Pension	2	0	2
				Lump sum	0	0	0
Nick Evans	Democratic Services Manager - Note 3	0	11,127	Pension	0	33	N/A
				Lump sum	0	0	0
Richard Grieveson	Chief Officer – Renewal, Restart and Recovery	20,883	19,242	Pension	46	42	4
				Lump Sum	74	70	4
James Brown	Head of Education	20,863	8,555	Pension	3	1	2
				Lump Sum	0	0	0
Shaun Morley	Interim Director Communities – Note 4	3,104	0	Pension	0	0	0
				Lump sum	0	0	0
Total		204,393	186,450		858	847	

Note:

1. Gavin Stevenson retired on 16 December 2021.
2. Derek Crichton was appointed as interim Chief Executive 17 December 2021. The Pension contributions include amounts in relation to his substantive role of Director Communities.
3. Nick Evans was the Interim Monitoring Officer until 2 January 2021.
4. Shaun Morley was appointed as Interim Director Communities on 14 February 2022.

Stephen Thompson
Leader

Dawn Roberts
Chief Executive

27 February 2023

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

Reporting on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis for opinion

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 31 May 2016. The period of total uninterrupted appointment is six years. 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 Head of Finance & Procurement and Dumfries and Galloway Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance & Procurement 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 Head of Finance & Procurement 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 Head of Finance & Procurement 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 our 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:

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

The extent to which 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 part of the Remuneration Report

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

Other information

The Head of Finance & Procurement is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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 part 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; or
- there has been a failure to achieve a prescribed financial objective.

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 120 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.

Joanne Brown, for and on behalf of Grant Thornton UK LLP,
110 Queen Street
Glasgow
G1 3BX

Comprehensive Income & Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements, and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21 (Restated)				2021/22			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure	Note
£000	£000	£000		£000	£000	£000	
168,463	(14,770)	153,693	Education & Learning	181,615	(18,707)	162,908	
28,573	(4,163)	24,410	Social Work Services	33,709	(6,678)	27,031	
172,278	(100,572)	71,706	Integrated Joint Board (IJB)	188,378	(106,160)	82,218	
141,129	(44,494)	96,635	Communities	152,781	(47,587)	105,194	
58,477	(12,362)	46,115	Economy & Resources	63,189	(14,657)	48,532	
5,296	(557)	4,739	Non Distributable Costs	4,161	(2,953)	1,208	
574,216	(176,918)	397,298	Net Cost of Services	623,833	(196,742)	427,091	7
		1,645	Other Operating Expenditure			259	
		25,907	Financing and Investment Income & Expenditure			26,596	9
		(411,978)	Taxation & Non-Specific Grant Income			(423,767)	10
		12,872	(Surplus) /Deficit on the Provision of Services			30,179	
		(6,854)	(Surplus)/deficit on revaluation of non-current assets			(13,387)	
		0	Impairment losses on non-current assets charged to Revaluation Reserve			54	
		79,224	Remeasurement of net defined liability/ (asset)			(162,756)	
		0	Other unrealised (gains)/ losses			0	
		72,370	Other Comprehensive Income & Expenditure			(176,089)	
		85,242	Total Comprehensive Income & Expenditure			(145,910)	

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves – i.e. those that can be applied to fund expenditure or reduce local taxation – and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The Net (Increase)/ Decrease before Transfers to/ (from) Other Statutory Reserves line shows the statutory General Fund Balance before any discretionary transfers to /(from) earmarked reserves undertaken by the Council.

	Usable Reserves						Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000	Note
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Fund £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Grants & Receipts Unapplied £000				
Balance at 31 March 2020	(46,154)	0	(1,704)	(1,760)	(2,894)	0	(52,512)	(115,252)	(167,764)	
Movements in Reserves during 2020/21										
(Surplus) or Deficit on provision of services	12,872	0	0	0	0	0	12,872	0	12,872	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	72,370	72,370	
Total Comprehensive Income & Expenditure	12,872	0	0	0	0	0	12,872	72,370	85,242	
Adjustments to usable reserves permitted by accounting standards	(17,994)	0	0	0	0	0	(17,994)	17,994	0	
Adjustments between accounting basis & funding basis under regulations	(20,698)	(117)	195	0	0	0	(20,620)	20,620	0	14
Net (increase)/ decrease before transfers to /(from) other statutory reserves	(25,820)	(117)	195	0	0	0	(25,742)	110,984	85,242	
Transfers to/ (from) Other Statutory Reserves	1,794	117	(117)	(1,720)	(74)	0	0	0	0	15
(Increase)/ decrease in year	(24,026)	0	78	(1,720)	(74)	0	(25,742)	110,984	85,242	
Balance at 31 March 2021 carried forward	(70,180)	0	(1,626)	(3,480)	(2,968)	0	(78,254)	(4,268)	(82,522)	
Movements in Reserves during 2021/22										
(Surplus) or Deficit on provision of services	30,179	0	0	0	0	0	30,179	0	30,179	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(176,089)	(176,089)	
Total Comprehensive Income & Expenditure	30,179	0	0	0	0	0	30,179	(176,089)	(145,910)	
Adjustments to usable reserves permitted by accounting standards	(16,037)	0	0	0	0	0	(16,037)	16,037	0	
Adjustments between accounting basis & funding basis under regulations	(37,371)	0	26	0	0	(14)	(37,359)	37,359	0	14
Net (increase)/ decrease before transfers to /(from) other statutory reserves	(23,229)	0	26	0	0	(14)	(23,217)	(122,693)	(145,910)	
Transfers to/ (from) Other Statutory Reserves	3,406	0	(3,171)	355	(604)	14	0	0	0	15
(Increase)/ decrease in year	(19,823)	0	(3,145)	355	(604)	0	(23,217)	(122,693)	(145,910)	
Balance at 31 March 2022 carried forward	(90,003)	0	(4,771)	(3,125)	(3,572)	0	(101,471)	(126,961)	(228,432)	

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets/ (liabilities) of the Council (assets less liabilities) are matched by 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. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses where the amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between the accounting basis and funding basis under regulations”.

31 March 2021		31 March 2022	Note
£000		£000	
882,519	Property, Plant & Equipment	876,094	16
2,310	Heritage Assets	2,350	17
30	Intangible Assets	22	17
929	Long Term Investments	894	
9,979	Long Term Debtors	9,506	19
895,767	Long Term Assets	888,866	
795	Assets Held For Sale	957	17
1,128	Inventories	1,081	
20,223	Short Term Debtors	22,514	20
44,086	Cash & Cash Equivalents	53,594	21
66,232	Current Assets	78,146	
(4,610)	Short Term Borrowing	(14,848)	33
(73,400)	Short Term Creditors	(72,795)	22
(3,316)	Short Term Liabilities	(3,343)	23
(213)	Short Term Provisions	(1,005)	24
(81,539)	Current Liabilities	(91,991)	
(199,165)	Long Term Borrowing	(175,442)	33
(104,439)	Other Long Term Liabilities	(101,096)	33
(494,334)	Other Long Term Liabilities (Pensions)	(370,051)	27
(797,938)	Long Term Liabilities	(646,589)	
82,522	Net Assets/ (Liabilities)	228,432	
78,254	Usable Reserves	101,471	30
4,268	Unusable Reserves	126,961	31
82,522	Total Reserves	228,432	

The audited accounts were issued on 27 February 2023.

Paul Garrett
Head of Finance & Procurement

Cash Flow Statement

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

2020/21 £000		2021/22		Note
		£000	£000	
12,872	Net (surplus) or deficit on the provision of services	30,179		
(102,606)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(86,882)		
16,435	Adjustments to net (surplus) or deficit on the provision of services that are investing or financing activities	21,294		
(73,299)	Net cash flow from operating activities		(35,409)	
	Investing activities			
24,134	- purchase of property, plant & equipment, heritage assets & intangible assets	31,003		
(744)	- proceeds from the sale of property, plant, equipment	(609)		
(15,691)	- Other receipts from investing activity	(21,294)		
7,699			9,100	
	Financing activities			
(18,866)	- cash receipts from short & long term borrowing	3,380		
0	- other receipts from financing activities	0		
3,038	- cash payments for the reductions of outstanding liabilities relating to PFI/PPP contracts	3,316		
55,232	- repayments of short & long term borrowing	10,041		
82	- other payments for financing activities	64		
39,486			16,801	
(26,114)	Net (increase) or decrease in cash and cash equivalents		(9,508)	
17,972	Cash and cash equivalents at the beginning of the year		44,086	
44,086	Cash and cash equivalents at the end of the reporting year		53,594	21

Notes to Financial Statements**1. Summary of Significant Accounting Policies****a) General Principles**

The Annual Accounts summarise the Council's transactions for the 2021/22 financial year and its financial position at the year end of 31 March 2022. They have been prepared on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). The Code is based on the International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to provide a 'true and fair view' of the financial performance and position of the Council and its group.

The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b) Accruals of Income & Expenditure

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- suppliers' invoices paid in the two weeks following the year-end have been analysed and included together with specific accruals in respect of further material items provided the goods and services were received in 2021/22,
- all known specific and material sums payable to the Council have been included. Revenue for the sale of goods or the provision of services is recognised when it is determined that the service has been provided,
- supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet,
- 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge is made to revenue for the income which will not be collected,
- interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

c) Cash & 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 date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of changes in value. In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts which are repayable on demand and form an integral part of the Council's cash management.

d) Changes in Accounting Policies and Prior Year Adjustments

Changes in accounting policies are only made when required by proper accounting practice or where the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

e) Charges to Revenue for Non-Current Assets

Service revenue accounts and support services are charged with the following amounts to record the real cost of holding non-current assets during the year:

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations; however, it is required to make provision for the annual cost of the repayment of previous borrowing. Depreciation, revaluation, impairment losses and amortisations are therefore replaced by loans fund principal repayments in the Movement in Reserves Statement to recognise the difference between the two.

f) Employee Benefits**Benefits Payable During Employment**

All employment costs relating to the year to 31 March 2022 have been accounted for in Net Cost of Services in the Comprehensive Income & Expenditure Statement. An accrual is made for the cost of leave entitlement earned by

employees but not taken at 31 March. This is charged to services in the Comprehensive Income & Expenditure Statement and reversed out in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate employment before the normal retirement date or a decision to accept voluntary redundancy. These costs are charged to the Non Distributed Costs line in the Comprehensive Income & Expenditure Statement when the Council can no longer withdraw the offer of these benefits. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with the debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

The Council participates in the following separate pension schemes:

- The Local Government Pension Scheme (LGPS) administered by Dumfries & Galloway Council,
- The Teachers Pension Scheme.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However the arrangements for the Teachers Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for the future payments of benefits is recognised in the Balance Sheet, and the Education and Learning line in the Comprehensive Income & Expenditure Statement is charged with the employers' contributions payable to teachers' pensions in the year.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefit scheme:

- the liabilities of the Dumfries & Galloway Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit basis – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- liabilities are discounted to their value at current prices, using a discount rate of 2.7%, based on market yields at the end of the financial year on AA-rated corporate bonds,
- the assets of the Dumfries & Galloway Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value of current bid prices for securities,
- the change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year, allocated to the Comprehensive Income & Expenditure Statement to the services for which the employee worked,
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is charged to Non Distributable Costs in the Comprehensive Income & Expenditure Statement,
 - net interest on the net defined benefit liability/ (asset) – the change during the year in the net defined liability/ (asset) that arises from the passage of time charged to the Financing and Investment Income & Expenditure line of the Comprehensive Income & Expenditure Statement.
 - Remeasurements comprising:
 - return on plan assets - excluding amounts included in the net interest on the net defined liability/ (asset). This is charged to the Remeasurements of the Net Defined Benefit Liability/ (Asset) in the Comprehensive Income & Expenditure Statement.
 - actuarial gains and losses – changes in the net pension liability/ (asset) that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Remeasurements of the Net Defined Benefit Liability/ (Asset) in the Comprehensive Income & Expenditure Statement,
 - contributions paid to the Dumfries & Galloway Council Pension Fund – cash paid as employers contributions to the Pension Fund in settlement of liabilities. This is not accounted for as an expense under accounting conventions but is replaced by the current service cost above.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional charges and credits for retirement benefits

and replace them with charges for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Discretionary Benefits

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

g) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events which occur between the end of the reporting year and the date when the Annual Accounts are authorised for issue. The Annual Accounts are adjusted for events which provide evidence of conditions that existed at the end of the reporting year. The Annual Accounts are not adjusted for events which are indicative of conditions which arose after the end of the reporting year. However, where such events would have a material effect, a disclosure is made in the Notes to the Financial Statements of the nature of the event and the estimated financial effect.

h) Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income & Expenditure Statement or in the Notes to the Financial Statements, depending on how significant the items are to an understanding of the Council's financial performance.

i) Financial Instruments

Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Council becomes party to the contractual provisions of the financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount which was originally recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and the interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses incurred as a result of the rescheduling of borrowing are charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement. Regulations allow the spreading of the gain or loss over the period of the replacement loans. The reconciliation between the amounts charged to the Comprehensive Income & Expenditure Statement and the amount required to be charged against the General Fund Balance is managed via the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI) – not applicable to the Council for 2021/22.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and that interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Where credit risk has increased significantly since an instrument was

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

Financial Assets Measured at Fair Value through Profit of Loss

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

- Instruments with quote market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

j) Grants & Contributions

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

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

Monies advanced as grants and contributions for which contributions have not been satisfied are carried in the Balance Sheet as grants in advance. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (revenue grants) or Taxation & Non Specific Grant Income (capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants and Receipts Unapplied Account. Amounts in the Capital Grants and Receipts Unapplied Account are transferred to the Capital Fund to enable them to be used to support future capital expenditure.

k) Heritage Assets

Heritage assets are those assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge or culture. The Council's heritage assets are held in the Council's museums across the region and in some other Council buildings.

Heritage assets are recognised and measured in accordance with the Council's policies on property, plant & equipment. Valuations have been made by a combination of professional valuations and estimates by curators based on current market values of similar items. In line with these policies only assets valued at over £5,000 have been included in the Balance Sheet. Due to the indeterminate lives and high residual value of heritage assets, it is not deemed appropriate to charge depreciation on these assets. The carrying amount of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised in accordance with the Council's impairment policy. The Council's policy for the acquisition, preservation, management and disposal of heritage assets is included in "A Museums Forward Plan for Dumfries & Galloway".

l) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Intangible assets are initially measured at cost. Amounts are not revalued as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income & Expenditure Statement.

m) Interests in Companies and Other Entities

Where the Council has a material interest in subsidiaries, associates or joint ventures the Council will prepare Group Accounts in compliance with the Code. An interest is where the Council has either ownership of share capital or has rights to benefit from the capital of the entity. An interest also covers situations where the Council has the right to benefit from surpluses, a liability to contribute to losses, or an obligation to contribute to debts or expenses in the winding up of an entity. In assessing whether the interest is material or not an assessment will be made as to the influence and control which the Council exerts over the entity, not solely the financial interest or ownership.

n) Inventories

Inventories include consumable stock. Consumable stock is included in the Balance Sheet at the lower of cost and net realisable value. Inventory quantities are either based on physical stock at the end of the year or on a perpetual inventory throughout the year.

o) Leases

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

The Council as Lessee

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income & Expenditure Statement as an expense of the service benefitting from the leased asset. Charges are made on a straight line basis over the term of the lease.

The Council as Lessor

Operating leases

Where the Council grants an operating lease over a property the asset is retained on the Balance Sheet. Rental income received from operating leases is credited to Net Cost of Service in the Comprehensive Income & Expenditure Statement on a straight line basis over the term of the lease.

p) Overheads and Support Services

The costs of overheads and support services are charged to the service that incurs the initial cost based on the organisation structure. For example, Finance & Procurement and People & Transformation are reported under Economy & Resources rather than being charged over the services that receive the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021/22 (SeRCoP). This is in line with the practice outlined in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

q) Public Private Partnerships (PPP) and similar contracts

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

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the contractor to pay for the capital investment. Non-current assets recognised in the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable each year are analysed into:

- the service charge and lifecycle replacement costs, charged to services in the Comprehensive Income & Expenditure Statement,
- the interest, charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement,
- contingent rent (increases in the amount to be paid for the property arising during the contract), charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement,
- the repayment of the liability, applied to reduce the Balance Sheet liability owed to the operator over the remaining term of the contract.

r) Property, Plant & Equipment

Assets which have a physical substance and are held for use in the provision 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 & equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant & equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the asset will flow to the Council and the cost of the item can be reliably measured. Expenditure that does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

The Council adopts IFRS13 Fair Value Measurement, definition of fair value for those assets and liabilities which can be or are required to be measured as such, for example surplus assets.

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

- infrastructure, community assets and assets under construction - depreciated historical cost.
- Surplus Assets – measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date.
- all other assets – current value, determined as the amount that would be paid for the assets in its existing use. Where there is no market based evidence of fair value because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives, low value or both, depreciated historical cost basis is used as a proxy for fair value.

Infrastructure Assets – In line with Finance Circular 09/2022 (Statutory Override – Accounting for Infrastructure Assets) the Council has elected to apply both statutory overrides. These constitute: -

Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is required to be a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Revaluation

All assets are formally revalued at least once every five years and the revised amount is then included in the Balance Sheet. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in the value are identified these are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain or,
- where there is no or insufficient balance on the Revaluation Reserve, the loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

The carrying value of assets is reviewed annually and where there has been significant investment in an asset, or where there are indications of impairment or significant change in RICS indices for a category of asset the revaluation of assets will be brought forward in the revaluation cycle to ensure the carrying value is not materially different to that if all assets had been revalued at 31 March of the reporting year.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, which is the date of its formal implementation. Gains arising before that date have been consolidated in the Capital Adjustment Account.

Impairment

Assets are reviewed at each year end to determine whether there is an indication that an asset may be impaired. Where indications exist, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised. Impairment losses are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain or,
- where there is no or insufficient balance on the Revaluation Reserve, the impairment loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Depreciation

Depreciation is provided on all property, plant & equipment, other than land, assets under construction and assets held for sale, on a straight line basis over the expected life of the asset. Where an item of property, plant & equipment has major components whose lives are different and whose costs are significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals & Non-Current Assets Held for Sale

When an asset is reclassified as surplus and meets the appropriate criteria (i.e. the asset is available for immediate sale, the sale is highly probable, the asset is being actively marketed and the sale will be complete within a year of reclassification) then it is classified as an asset held for sale. The asset is revalued before classification and carried at the lower of this value and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is taken to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement. Gains in fair value are recognised up to the amount of any previous losses recognised in the (Surplus)/ Deficit on the Provision of Services. Assets which are to be abandoned or scrapped are not reclassified as assets held for sale.

If assets no longer meet the criteria of assets held for sale, they are reclassified back to operational assets and valued at the lower of their carrying amount before they were classified as assets held for sale, adjusted for depreciation, amortisation and revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital receipts are required to be credited to the Capital Receipts Reserve. They are then applied to support the cost of new capital investment. Any receipts not applied in year are transferred to the Capital Receipts Unapplied Account. Any receipts in the Capital Receipts Unapplied Account are then transferred to the Capital Fund to support future capital expenditure. Receipts are appropriated to the Reserve from the General Fund in the Movement in Reserves Statement.

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

s) Provisions, Contingent Liabilities and Contingent Assets

Provisions are created where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement 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 on 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.

A contingent liability or asset arises where an event has taken place which gives the Council a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities or assets also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities or assets are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

t) Reserves

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is included in the appropriate service in that year so as to be included in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Reserves are categorised under accounting regulations into two broad categories:

- usable reserves, which are available to support services,
- unusable reserves, which are required to facilitate accounting requirements.

u) VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it.

v) New accounting standards

The code of Practice on Local Authority accounting for 2021/22 was revised to take into account the latest International Financial Reporting Standards (IFRS) coming into effect.

- Confirmation of the arrangements for the endorsement of standards arising because of the United Kingdom's withdrawal from the European Union.
- Amendments to section 3.3 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Augmentations to section 3.4 (Presentation of Financial Statements) for the reporting of estimation uncertainty.

- Amendments to section 7.1 (Introduction etc) to confirm the replacement of IPSAS 29 Financial Instruments: Recognition and Measurements with IPSAS 41 Financial Instruments.

These changes have been considered as part of the preparation of the Council's accounts for 2021/22 and none are considered to have a material impact on the financial statement.

2. Adjustments to 2020/21 Audited Annual Accounts

There have been three presentational adjustments reflected in relation to the 2020/21 prior year comparators. The details of these adjustments are set out below.

▪ Operating Leases

As part of the 2020/21 Audit, it was identified that the amounts reflected within the operating lease disclosures within Note 32 should be amended to show the minimum lease payments due allocated between financial years, rather than the annual payment at the end of the lease term.

The changes reflected as part of this adjustment are:

	Restated At 31 March 2021 £000	As previously reflected At 31 March 2021 £000
Not later than one year	945	638
Later than one year and not later than five years	2,247	980
Later than five years	1,834	402
	5,026	2,020

	Restated At 31 March 2021 £000	As previously reflected At 31 March 2021 £000
Not later than one year	(302)	(292)
Later than one year and not later than five years	(197)	(86)
Later than five years	(157)	(17)
	(656)	(395)

▪ Support Service Recharges

The income previously reflected as "Support Service Recharges" within the 2020/21 Accounts of £417k has now been incorporated within values reported for Economy & Resources. This presentational change has no bottom-line impact but has changed the Income figures shown against Economy & Resources within the Comprehensive Income & Expenditure Statement and Note 7 "Expenditure and Funding analysis".

▪ Historical v's Current Costs Depreciation

As per the requirements of IFRS, there have been changes reflected in relation to the change in Historical vs Current Costs Depreciation. This is purely a presentational change and has impacted the figures reflected within the MIRS and Note 14 as follows:

	General Fund Balance £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Restated At 31 March 2021				
Adjustments to usable reserves permitted by accounting standards	(17,994)	(17,994)	17,994	0
Adjustments between accounting basis & funding basis under regulations	(20,698)	(20,620)	20,620	0
Balance at 31 March 2021	(70,180)	(78,254)	(4,268)	(82,522)
Previously Reflected At 31 March 2021				
Adjustments between accounting basis & funding basis under regulations	(38,692)	(38,614)	38,614	0
Balance at 31 March 2021	(70,180)	(78,254)	(4,268)	(82,522)

Financial Instruments

As part of the 2021/22 Audit, it was identified that amounts included in the financial instruments note in relation to receipts in advance, prepayments and VAT should be excluded under the guidance of the Code. This amendment has no impact on the Council's core financial statements and is therefore only a presentational amendment in relation to this note. The changes made to the financial instruments note are reflected below and have also been applied to the corresponding fair values within the same note.

Restated	Long Term		Current		Total	
	31 March	31 March	31 March	31 March	31 March	31 March
	2021	2022	2021	2022	2021	2022
	£000	£000	£000	£000	£000	£000
<u>Financial assets</u>						
Investments	929	894	0	0	929	894
Debtors	9,979	9,506	10,797	10,835	20,776	20,341
Cash & cash equivalents	0	0	44,086	53,594	44,086	53,594
Total Financial Assets	10,908	10,400	54,883	64,429	65,791	74,829
<u>Financial Liabilities at Amortised Cost</u>						
Borrowing	(199,165)	(175,442)	(4,610)	(14,848)	(203,775)	(190,290)
PFI/PPP liabilities	(104,439)	(101,096)	(3,316)	(3,343)	(107,755)	(104,439)
Creditors	0	0	(40,149)	(44,378)	(40,149)	(44,378)
Total Financial Liabilities	(303,604)	(276,538)	(48,075)	(62,569)	(351,679)	(339,107)

As Previously reflected	Long Term		Current		Total	
	31 March	31 March	31 March	31 March	31 March	31 March
	2021	2022	2021	2022	2021	2022
	£000	£000	£000	£000	£000	£000
<u>Financial assets</u>						
Investments	929	894	0	0	929	894
Debtors	9,979	9,506	18,559	20,294	28,538	29,800
Cash & cash equivalents	0	0	44,086	53,594	44,086	53,594
Total Financial Assets	10,908	10,400	62,645	73,888	73,553	84,228
<u>Financial Liabilities at Amortised Cost</u>						
Borrowing	(199,165)	(175,442)	(4,610)	(14,848)	(203,775)	(190,290)
PFI/PPP liabilities	(104,439)	(101,096)	(3,316)	(3,343)	(107,755)	(104,439)
Creditors	0	0	(73,400)	(72,795)	(73,400)	(72,795)
Total Financial Liabilities	(303,604)	(276,538)	(81,326)	(90,986)	(384,930)	(367,524)

3. Accounting Standards Issued and Not Yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code requires implementation from 1 April 2022, therefore there is no impact on the 2021/22 financial statements. This applies to the adoption of the following new or amended standards within the 2021/22 Code:

- Definition of a Business: Amendments to IFRS3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The implementation of IFRS 16 has been delayed until 1 April 2024.

There are no other accounting standards issued and not yet adopted that will have a material impact on the 2021/22 Annual Accounts.

4. Critical Judgements in Applying Accounting Policies

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

- **Public Sector Funding** – There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an

indication of the assets of the Council which might be impaired as a result of the need to review service provision.

- **Public Private Partnership (PPP)** - The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PPP schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment	Estimation of the fair values and useful lives of assets are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may require the Council to review current spending levels on asset repairs and maintenance, bringing into doubt fair values and useful lives assigned to assets.	Any significant change in repairs and maintenance spend would require a review of asset lives, thereby impacting directly on asset valuations and depreciation charges to Services.
LGPS Pensions Liability	Estimations 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 pensions fund assets. External actuaries provide expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a increase in the pension liability of £24.478 Million. However, the assumptions interact in complex ways.
Arrears Provision	The Council has made provision of £6.4 Million in relation to outstanding debtor balances and £15.3 Million in relation to outstanding Council Tax balances (notes 19 and 20). Based on current collection rates the provision is deemed sufficient to cover all liabilities that may arise in the future. However, it is possible that future economic conditions could have a detrimental impact on collection levels.	If debtor collection rates were to deteriorate, consideration would need to be given to further reviewing the criteria for calculating provisions and the provision levels held.

6. Events After the Balance Sheet Date

The audited Annual Accounts were issued by the Head of Finance and Procurement on 27 February 2023.

Events taking place after this date are not reflected in the financial statements or notes.

7. Expenditure and Funding Analysis

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

2020/21 (Restated)				2021/22		
Net Expenditure Chargeable to the General Fund (Note 2)	Adjustments Between the Funding and Accounting Basis (Note 1)	Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund (Note 2)	Adjustments Between the Funding and Accounting Basis (Note 1)	Expenditure in the Comprehensive Income & Expenditure Statement
£000	£000	£000		£000	£000	£000
140,086	13,607	153,693	Education & Learning	142,044	20,864	162,908
22,072	2,338	24,410	Social Work Services	23,154	3,877	27,031
69,153	2,553	71,706	Integrated Joint Board (IJB)	77,024	5,194	82,218
70,175	26,460	96,635	Communities	73,681	31,513	105,194
36,771	9,344	46,115	Economy & Resources	35,328	13,204	48,532
4,342	397	4,739	Non-Distributable Costs	901	307	1,208
342,599	54,699	397,298	Net Cost Of Services	352,132	74,959	427,091
28,918	(1,366)	27,552	Other Operating Income & Expenditure	30,519	(3,664)	26,855
(395,543)	(16,435)	(411,978)	Taxation & Non-Specific Grant Income	(402,474)	(21,293)	(423,767)
(24,026)	36,898	12,872	(Surplus)/Deficit on the Provision of Services	(19,823)	50,002	30,179
(46,154)			Opening General Fund Balance at 1 April	(70,180)		
(24,026)			Add/Less (Surplus) or Deficit for the Year	(19,823)		
(70,180)			Closing General Fund Balance at 31 March	(90,003)		

Note 1: Breakdown of Adjustments between Funding and Accounting Basis

2020/21					2021/22					
Capital Purposes	Pensions	PPP /PFI	Other Differences	Total		Capital Purposes	Pensions	PPP /PFI	Other Differences	Total
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
22,721	2,864	(11,147)	(831)	13,607	Education & Learning	21,738	7,362	(11,272)	3,036	20,864
924	1,378	0	36	2,338	Social Work Services	357	3,509	0	11	3,877
426	2,029	0	98	2,553	Integrated Joint Board (IJB)	406	4,823	0	(35)	5,194
21,993	4,246	0	221	26,460	Communities	22,021	9,633	0	(141)	31,513
5,962	3,293	0	89	9,344	Economy & Resources	5,575	7,659	0	(30)	13,204
323	74	0	0	397	Non-Distributable Costs	212	95	0	0	307
52,349	13,884	(11,147)	(387)	54,699	Net Cost Of Services	50,309	33,081	(11,272)	2,841	74,959
(15,686)	4,643	8,109	1,568	(1,366)	Other Operating Income and Expenditure	(17,195)	5,392	7,956	183	(3,664)
(16,435)	0	0	0	(16,435)	Taxation & Non-Specific Grant Income	(21,293)	0	0	0	(21,293)
20,228	18,527	(3,038)	1,181	36,898	Difference between General Fund (surplus)/deficit and the Comprehensive Income and Expenditure (Surplus)/Deficit	11,821	38,473	(3,316)	3,024	50,002

Note 2: Breakdown of Income and Expenditure Included in the Net Cost Of Services chargeable to the General Fund

This analysis reflects the income and expenditure of each service as reported to Service Committees and excludes the year end accounting transactions. This breaks down the net expenditure chargeable to the general fund included in the analysis above.

(Restated) Service Income & Expenditure 2020/21	Education & Learning £000	Social Work Services £000	Integrated Joint Board £000	Communities £000	Economy & Resources £000	Non Distributable Costs £000	Total £000
Fees, charges & other service income	(1,835)	(988)	(108,802)	(20,515)	(12,024)	(330)	(144,494)
Grants	(12,950)	(3,296)	0	(35,203)	(4,233)	(227)	(55,909)
Total Income	(14,785)	(4,284)	(108,802)	(55,718)	(16,257)	(557)	(200,403)
Employee expenses	114,198	12,831	18,782	39,279	30,190	2,314	217,594
Other service expenses	40,673	13,525	159,173	86,614	22,838	2,585	325,408
Total Expenditure	154,871	26,356	177,955	125,893	53,028	4,899	543,002
Net Expenditure	140,086	22,072	69,153	70,175	36,771	4,342	342,599

Service Income & Expenditure 2021/22	Education & Learning £000	Social Work Services £000	Integrated Joint Board £000	Communities £000	Economy & Resources £000	Non Distributable Costs £000	Total £000
Fees, charges & other service income	(1,923)	(2,116)	(108,201)	(24,109)	(10,738)	(707)	(147,794)
Grants	(16,803)	(4,634)	(6,492)	(33,932)	(7,258)	(2,245)	(71,364)
Total Income	(18,726)	(6,750)	(114,693)	(58,041)	(17,996)	(2,952)	(219,158)
Employee expenses	117,160	15,205	20,587	43,475	31,897	1,819	230,143
Other service expenses	43,610	14,699	171,130	88,247	21,427	2,034	341,147
Total Expenditure	160,770	29,904	191,717	131,722	53,324	3,853	571,290
Net Expenditure	142,044	23,154	77,024	73,681	35,328	901	352,132

*The IJB income and expenditure figures are increased by £77,900k (£69,441k in 2020/21) to represent our contribution to the IJB and income is increased by the same amount to represent the funding received back from the IJB to support the provision of services.

8. Key Items of Income and Expenditure

The following table provides an overall analysis of all key items of Income and Expenditure that is attributable to the Surplus or Deficit on the Provision of Services included within the Comprehensive Income and Expenditure Statement.

	2020/21	2021/22
	£000	£000
Fee, charges & other service income	(144,494)	(147,794)
Interest & investment income	(11)	(110)
Income from Council Tax	(69,783)	(70,236)
Income from NDR	(35,659)	(41,904)
Grants & Contributions	(362,445)	(382,991)
Total Income	(612,392)	(643,035)
Employee expenses	231,091	266,065
Other service expenses	314,261	329,875
Depreciation, amortisation & impairment	52,349	50,309
Interest payments	25,918	26,706
Other (gains)/losses	1,645	259
Total Expenditure	625,264	673,214
(Surplus) or deficit on the Provision of Services	12,872	30,179

Revenue from Contracts with Service Recipients

The following table provides details on amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients. This is income received from external parties for goods or services that they have been provided.

	2020/21	2021/22
	£000	£000
Education & Learning	(343)	(413)
Social Work Services	(2)	(210)
Integrated Joint Board	(11,321)	(11,217)
Communities	(3,836)	(6,794)
Economy & Resources	(2,055)	(2,483)
	(17,557)	(21,117)

9. Financing and Investment Income & Expenditure

The Financing and Investment Income & Expenditure in the Comprehensive Income & Expenditure Statement comprises the following elements:

	2020/21	2021/22
	£000	£000
Interest payable & similar charges	16,695	16,545
Net interest on the net defined benefit liability/ (asset)	9,223	10,161
Interest receivable & similar income	(11)	(110)
	25,907	26,596

10. Taxation and Non Specific Grant Income

The Taxation and Non Specific Grant Income in the Comprehensive Income & Expenditure Statement comprises the following elements:

	2020/21 £000	2021/22 £000
Council Tax income	(69,783)	(70,236)
Non-domestic rates redistribution	(35,659)	(41,904)
Non ring fenced government grants	(290,101)	(290,334)
Capital grants & contributions	(16,435)	(21,293)
	(411,978)	(423,767)

The Non-domestic rates income for 2021/22 includes an additional £3.074 Million in relation to the Business Rates Incentivisation Scheme.

11. Agency Services

The Council bills and collects non-domestic rates on behalf of the Scottish Government. During 2021/22 the Council collected £41.846 Million (£35.232 Million in 2020/21) and transferred £3.016 Million of this to the NDR pool (£0.427 Million was received from the NDR pool in 2020/21). In addition, the Council received funding of £3.074 Million in relation to the Business Rates Incentivisation Scheme. These transactions resulted in a Net Non-Domestic Rates benefit to the Council totalling £41.904 Million in 2021/22 (£35.659 Million in 2020/21).

The Council bills and collects domestic water and wastewater charges on behalf of Scottish Water as part of its Council Tax billing and collection arrangements. During 2021-22 the Council transferred £21.7m (£21m in 2020/21) to Scottish Water. The Council has received £485k in relation to 2021/22 (£485K in 2020/21) for providing this service.

As part of the COVID-19 pandemic response, the Council acted on behalf of the Scottish Government to distribute various Business Grants and Self Isolation Support Grants to individuals. The Council received and distributed funding of £26.9 Million in relation to these specific initiatives, which have not been reflected within the Comprehensive Income and Expenditure Account.

The National Services Scotland (NSS) distributed the provision of free Personal Protective Equipment (PPE), with an estimated value of £0.241 Million in 2021/22 (£2.284 Million in 2020/21), to Care Homes and External Care Providers across Dumfries & Galloway. The total cost across social care by Dumfries & Galloway Health and Social Care Partnership (HCSP) was £1.072 Million for PCR and £2.748 Million for LFR during 2021/22.

12. External Audit Fees

The external audit fee payable for 2021/22 was £349k (£344k in 2020/21). There were no non-audit fees payable in the year.

13. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income & Expenditure Statement:

	2020/21 £000	2021/22 £000
Credited to Taxation and Non-Specific Grant Income		
Council Tax income	(69,783)	(70,236)
Non-domestic rates redistribution	(35,659)	(41,904)
Capital grants & contributions	(16,435)	(21,293)
Non ring fenced Government grants	(290,101)	(290,334)
Total	(411,978)	(423,767)
Credited to Services		
DWP Housing Benefits	(34,566)	(31,707)
Criminal Justice Service	(3,004)	(3,086)
Home Efficiency Programmes for Scotland	(1,954)	(2,837)
Attainment Fund	(2,509)	(3,248)
Early Learning and Childcare	(6,031)	(11,083)
Economic Development Grants	0	(3,190)
Other Government Grants	0	(1,244)
Other Government Grants: NHS	0	(8,162)
Dalbeattie DBFM	(1,972)	(1,974)
All Other Grants	0	(4,833)
Total	(50,036)	(71,364)

14. Adjustments between Accounting Basis & Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income & Expenditure in the Comprehensive Income & Expenditure Statement (CIES) recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future revenue and capital expenditure.

	Adjustments to Comprehensive Income & Expenditure Statement				Unusable Reserves				
	General Fund balance	Capital Receipt Reserve	Capital Receipt & Grant Unapplied	Capital Fund	Capital Adjustm't Account	Financial Instrum'ts Adjustm't Account	Pensions Reserve	Employee Statutory Adjustm't Account	Net movem't in Unusable Reserves
Adjustments during 2020/21	£000	£000	£000	£000	£000	£000	£000	£000	£000
• Charges for depreciation and impairment of non-current assets	(34,240)	0	0	0	34,240	0	0	0	34,240
• Amortisation of intangible assets	(115)	0	0	0	115	0	0	0	115
• Capital grants and contributions applied	16,435	(744)	0	0	(15,691)	0	0	0	(15,691)
• Net gain/(loss) on disposal of non-current assets	(1,645)	0	0	0	1,645	0	0	0	1,645
• Statutory repayment of debt (Loans Fund advances)	13,641	0	0	0	(13,641)	0	0	0	(13,641)
• Statutory repayment of debt (PFI/PPP)	3,038	0	0	0	(3,038)	0	0	0	(3,038)
• Capital expenditure charged in year to General Fund balance	251	0	0	0	(251)	0	0	0	(251)
• Use of the Capital Reserves to finance new capital expenditure	0	627	0	195	(822)	0	0	0	(822)
• Amount by which finance costs charged to the CIES are different to the amount of finance costs chargeable in the year in accordance with statutory requirem'ts	77	0	0	0	0	(77)	0	0	(77)
• Reversal of items relating to retirement benefits debited or credited to the CIES	(44,018)	0	0	0	0	0	44,018	0	44,018
• Employers' pension contributions and direct payments to pensioners payable in the year	25,491	0	0	0	0	0	(25,491)	0	(25,491)
• Amount by which officer remuneration charged to CIES on accruals basis is different from remuneration charged in year in accordance with stat. requirem'ts	387	0	0	0	0	0	0	(387)	(387)
Total Adjustments	(20,698)	(117)	0	195	2,557	(77)	18,527	(387)	20,620

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	Adjustments to Comprehensive Income & Expenditure Statement				Unusable Reserves				
	General Fund balance	Capital Receipts Reserve	Capital grant & receipt Unapplied	Capital Fund	Capital Adjustm't Account	Financial Instrum'ts Adjustm't Account	Pension Reserve	Employee Statutory Adjustm't Account	Net movem't in Unusable Reserves
Adjustments during 2021/22	£000	£000	£000	£000	£000	£000	£000	£000	£000
• Charges for depreciation and impairment of non-current assets	(34,263)	0	0	0	34,263	0	0	0	34,263
• Amortisation of intangible assets	(8)	0	0	0	8	0	0	0	8
• Capital grants and contributions applied	21,293	0	0	0	(21,293)	0	0	0	(21,293)
• Net gain/(loss) on disposal of non-current assets	(259)	0	0	0	259	0	0	0	259
• Statutory repayment of debt (Loans Fund advances)	13,543	0	0	0	(13,543)	0	0	0	(13,543)
• Statutory repayment of debt (PFI/PPP)	3,316	0	0	0	(3,316)	0	0	0	(3,316)
• Capital expenditure charged in year to General Fund balance	246	0	0	0	(246)	0	0	0	(246)
• Capital receipts received during the year	0	(595)	(14)	0	609	0	0	0	609
• Use of the Capital Reserves to finance new capital expenditure	0	595	0	26	(621)	0	0	0	(621)
• Amount by which finance costs charged to the CIES are different to the amount of finance costs chargeable in the year in accordance with statutory requirem'ts	76	0	0	0	0	(76)	0	0	(76)
• Reversal of items relating to retirement benefits debited or credited to the CIES	(66,047)	0	0	0	0	0	66,047	0	66,047
• Employers' pension contributions and direct payments to pensioners payable in the year	27,574	0	0	0	0	0	(27,574)	0	(27,574)
• Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration charged in year in accordance with statutory requirements	(2,842)	0	0	0	0	0	0	2,842	2,842
Total Statutory Adjustments	(37,371)	0	(14)	26	(3,880)	(76)	38,473	2,842	37,359

15. Transfers to/(from) Other Statutory Reserves

This note sets out the amounts set aside from the General Fund balances in statutory reserves, established under Schedule 3 of the Local Government (Scotland) Act 1975, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in the year.

Movements in 2020/21	General Fund	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied
	£000	£000	£000	£000	£000	£000
Capital Receipts Transfer to Capital Fund	(1)	117	(116)	0	0	0
Contribution to Repairs & Renewals from General Fund	(118)	0	0	118	0	0
Transfer to Repairs & Renewals from General Fund	1,837	0	0	(1,837)	0	0
Transfer to Insurance from General Fund	73	0	0	0	(73)	0
Interest on balances	3	0	(1)	(1)	(1)	0
	1,794	117	(117)	(1,720)	(74)	0

Movements in 2021/22	General Fund	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied
	£000	£000	£000	£000	£000	£000
Transfer from General Fund to fund new Capital Investment	3,155	0	(3,155)	0	0	0
Capital Receipts Transfer to Capital Fund	0	0	(14)	0	0	14
Transfer from Repairs & Renewals to General Fund	(360)	0	0	360	0	0
Transfer to Insurance from General Fund	600	0	0	0	(600)	0
Interest on balances	11	0	(2)	(5)	(4)	0
	3,406	0	(3,171)	355	(604)	14

16. Property, Plant & Equipment

The movements on balances for Property, Plant & Equipment are shown in the following tables. Figures for 2020/21 are provided for comparison.

Movements in 2020/21	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Surplus Assets £000	Total Property, Plant & Equipment £000
Gross Book Value at 1 April 2020	789,219	45,863	0	4,806	7,030	9,108	856,026
Reclassifications of assets	(425)	0	0	0	0	425	0
Assets reclassified (to)/ from Held for Sale	(1,466)	0	0	(46)	0	(780)	(2,292)
Additions	5,388	6,614	0	217	1,207	307	13,733
Derecognition – disposals	0	(1,096)	0	0	0	0	(1,096)
Revaluation increase/ (decreases) recognised in the Revaluation Reserve	(27,158)	(711)	0	529	77	(42)	(27,305)
Revaluation losses recognised in the (surplus)/deficit on the provision of services	(3,580)	0	0	(478)	0	(417)	(4,475)
Impairment losses recognised in the revaluation reserves	0	0	0	0	0	0	0
Impairment losses recognised in the (surplus)/deficit in the provision of services	0	0	0	0	0	0	0
Gross Book Value at 31 March 2021	761,978	50,670	0	5,028	8,314	8,601	834,591
Accumulated Depreciation at 1 April 2020	(60,765)	(32,558)	0	(649)	0	(33)	(94,005)
Depreciation on reclassifications	0	0	0	0	0	0	0
Depreciation on reclassification to Assets Held for Sale	87	0	0	0	0	30	117
Depreciation charge for year	(34,122)	(3,965)	0	(170)	0	(46)	(38,303)
Depreciation written back on disposals	0	928	0	0	0	0	928
Depreciation written out to the Revaluation Reserve on revaluations	34,114	788	0	0	0	0	34,902
Depreciation written out on revaluation losses recognised in the (Surplus)/ Deficit on the Provision of Services	1,556	0	0	83	0	2	1,641
Depreciation written out to the Revaluation Reserve on impairments	0	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2021	(59,130)	(34,807)	0	(736)	0	(47)	(94,720)
Net Book Value at 31 March 2021	702,848	15,863	142,648	4,292	8,314	8,554	882,519
Net Book Value at 31 March 2020	728,453	13,305	143,345	4,157	7,030	9,075	905,365

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Movements in 2021/22	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Surplus Assets £000	Total Property, Plant & Equipment £000
Gross Book Value at 1 April 2021	761,978	50,670	0	5,028	8,314	8,601	834,591
Reclassifications of assets	(576)	0	0	0	0	576	0
Assets reclassified (to)/ from Held for Sale	(208)	0	0	0	0	(633)	(841)
Additions	9,446	10,602	0	479	1,019	34	21,580
Derecognition – disposals	0	(345)	0	0	0	0	(345)
Revaluation increase/ (decreases) recognised in the Revaluation Reserve	(3,127)	(744)	0	0	0	0	(3,871)
Revaluation losses recognised in the (surplus)/deficit on the provision of services	(3,442)	(83)	0	(2)	0	0	(3,527)
Impairment losses recognised in the revaluation reserves	(54)	0	0	0	0	0	(54)
Impairment losses recognised in the (surplus)/deficit in the provision of services	(275)	0	0	0	0	0	(275)
Gross Book Value at 31 March 2022	763,742	60,100	0	5,505	9,333	8,578	847,258
Accumulated Depreciation at 1 April 2021	(59,130)	(34,807)	0	(736)	0	(47)	(94,270)
Depreciation on reclassifications	223	0	0	0	0	(223)	0
Depreciation on reclassification to Assets Held for Sale	37	0	0	0	0	25	62
Depreciation charge for year	(31,233)	(4,534)	0	(182)	0	(35)	(35,984)
Depreciation written back on disposals	0	302	0	0	0	0	302
Depreciation written out to the Revaluation Reserve on revaluations	16,787	984	0	0	0	0	17,771
Depreciation written out on revaluation losses recognised in the (Surplus)/ Deficit on the Provision of Services	873	65	0	0	0	0	938
Depreciation written out on impairments recognised in the (Surplus)/ Deficit on the Provision of Services	84	0	0	0	0	0	84
Accumulated Depreciation at 31 March 2022	(72,359)	(37,990)	0	(918)	0	(280)	(111,547)
Net Book Value at 31 March 2022	691,383	22,110	140,384	4,587	9,333	8,298	876,095
Net Book Value at 31 March 2021	702,848	15,863	142,648	4,292	8,314	8,554	882,519

Depreciation

Depreciation has been provided for on non-current assets (other than assets under construction and assets held for sale) with a finite useful life which can be determined at the time of acquisition or revaluation. The depreciation methods and useful lives used within each category of non-current assets have been determined on an individual asset basis by the Council's internal valuers in line with the Royal Institute of Chartered Surveyors (RICS) recommended practice. The Council employed the following depreciation policies for each class of non-current asset held during the year:

Other Land & Buildings	Buildings depreciated on a Straight Line basis over up to 50 years
Vehicles, Plant, Furniture & Equipment	Depreciated on a Straight Line basis over up to 20 years
Infrastructure Assets	Depreciated on a Straight Line basis over up to 50 years
Community Assets	Depreciated on a Straight Line basis over up to 50 years
Surplus Assets	Depreciated on a Straight Line basis over up to 50 years

Valuations

Valuations are undertaken as part of a rolling programme which has been designed to ensure that each of the Council's non-current assets is revalued at least once every 5 years in line with statutory requirements. These valuations are undertaken in line with the professional standards of RICS. The valuations of the Council's non-current assets are undertaken by an external valuer, Colliers International Valuation UK LLP, who following a procurement process were awarded to undertake the Council's valuations commencing in 2020/21. The main bases of valuation can be summarised as follows:

Operational Land & Buildings	Current value based on existing use or depreciated replacement cost
Vehicles, Plant, Furniture & Equipment	Existing use value or depreciated replacement cost
Infrastructure Assets	Depreciated historic cost
Community Assets	Depreciated historic cost
Surplus Assets	Economic Benefit at Fair Value *
Assets Held for Sale	Fair value less costs to sell
Assets Under Construction	Historic cost

Infrastructure Assets – In line with Finance Circular 09/2022 (Statutory Override – Accounting for Infrastructure Assets) the Council has elected to apply both statutory overrides. These constitute: -

Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is required to be a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

* In 2016/17, the Code of Practice adopted IFRS13 Fair Value Measurement, providing a single definition of fair value for those assets and liabilities which can be or are required to be measured as such, for example surplus assets. There are 22 surplus assets valued at fair value measurement and these were measured using level 1 inputs in the fair value hierarchy.

The carrying value of assets is reviewed annually and where there has been significant investment in an asset, or where there are indications of impairment or significant change in RICS indices/market valuations for a category of asset the revaluation of assets will be brought forward in the revaluation cycle to ensure the carrying value is not materially different to that if all assets had been revalued at 31 March of the reporting year. The following table outlines the progress of the Council's five year rolling programme of valuations.

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	1,055	22,110	139,982	0	9,333	0	172,480
Valued at fair value as at:							
31 March 2022	93,452	0	0	0	0	0	93,452
31 March 2021	156,532	0	0	2,306	0	1,977	160,815
31 March 2020	188,521	0	397	583	0	638	190,139
31 March 2019	167,018	0	5	570	0	286	167,879
31 March 2018	84,804	0	0	1,128	0	5,397	91,329
Total Cost or Valuation	691,382	22,110	140,384	4,587	9,333	8,298	876,094

Capital Commitments

At 31 March 2022, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant & Equipment. In 2022/23 this is budgeted to cost £0.603m. The major commitments are:

Property	Project Description	Commitment £000
Kelloholm Primary School	Roofs and Mechanical & Electrical	84
Leswalt Primary School	Office and reception configuration	238
Springholm Primary School	Nursery Alterations	281

17. Other Assets – Intangible, Heritage and Assets Held For Sale

The movements on Intangible, Heritage and Assets Held for Sale are shown in the following table. Figures for 2020/21 have been provided for comparison.

	Intangible Assets		Heritage Assets		Assets Held For Sale	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
<u>Cost or Valuation</u>						
Balance at 1 April	2,965	2,965	2,310	2,310	856	810
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	2,292	841
Additions	0	0	0	44	0	95
Derecognition - Disposals	0	0	0	0	(2,338)	(848)
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	0	0	(4)	0	51
Revaluation increases/ (decreases) in the CIES	0	0	0	0	0	13
Balance at 31 March	2,965	2,965	2,310	2,350	810	962
<u>Accumulated Depreciation</u>						
Balance at 1 April	(2,820)	(2,935)	0	0	(15)	(15)
Eliminated on the reclassification of Assets Held For Sale	0	0	0	0	(118)	(62)
Depreciation / Amortisation Charge	(115)	(8)	0	0	0	0
Depreciation - Disposals	0	0	0	0	118	17
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	55
Balance at 31 March	(2,935)	(2,943)	0	0	(15)	(5)
Net Book Value at 31 March	30	22	2,310	2,350	795	957

18. Capital Expenditure & Financing

The total amount of capital expenditure incurred in the year and the resources that have been used to finance it are shown below. The Capital Financing Requirement (CFR) reflects the Council's underlying need to borrow to fund capital expenditure.

	2020/21 £000	2021/22 £000
Opening Capital Investment Requirement	400,492	393,952
In Year Adjustment	3,161	0
Capital Investment		
Property, Plant & Equipment – non PFI/PPP assets	24,127	30,960
Property, Plant & Equipment – PFI/PPP/DBFM assets	7	0
Heritage assets	0	44
	24,134	31,004
Financed as follows:		
Capital receipts	627	595
Government grants & other contributions	16,228	21,103
Loans Fund principal	13,641	13,543
Direct revenue contributions	3,339	3,603
	33,835	38,844
Closing Capital Requirement	393,952	386,112
Explanation of movements in the year:		
In Year Adjustment	3,161	0
Increase/(decrease) in underlying need to borrow	(6,663)	(4,524)
Increase/(decrease) in relation to PFI/PPP contracts	(3,038)	(3,316)
Increase/(decrease) in Capital Financing Requirement	(6,540)	(7,840)

During 2020/21 an in year adjustment of £3.161M was made to correct a historical error.

19. Long Term Debtors

The Long Term Debtors identified in the Balance Sheet comprise of the following elements:

	Gross Debtors £000	2020/21 Provision for debt impairment £000	Net Debtors £000	Gross Debtors £000	2021/22 Provision for debt impairment £000	Net Debtors £000
Scottish Police Authority	7,494	0	7,494	7,207	0	7,207
Scottish Fire & Rescue Service	2,242	0	2,242	2,096	0	2,096
Other entities & individuals	300	(57)	243	251	(48)	203
Total Long Term Debtors	10,036	(57)	9,979	9,554	(48)	9,506

20. Short Term Debtors

The Short Term Debtors identified in the Balance Sheet comprise of the following elements:

	2020/21			2021/22		
	Gross Debtors	Provision for debt impairment	Net Debtors	Gross Debtors	Provision for debt impairment	Net Debtors
	£000	£000	£000	£000	£000	£000
Scottish Government bodies	6,096	0	6,096	6,025	0	6,025
Central Government bodies	108	0	108	1,020	0	1,020
Other local authorities	5	0	5	39	0	39
NHS bodies	0	0	0	23	0	23
Public corporations	0	0	0	454	0	454
Other entities and individuals	18,706	(6,356)	12,350	19,097	(6,364)	12,733
	24,915	(6,356)	18,559	26,658	(6,364)	20,294
Council Tax	15,988	(14,521)	1,467	16,135	(15,274)	861
Non-Domestic Rates	197	0	197	1,359	0	1,359
Total Short Term Debtors	41,100	(20,877)	20,223	44,152	(21,638)	22,514

21. Cash & Cash Equivalents

The balance of Cash & Cash Equivalents identified in the Balance Sheet comprises of the following elements:

	2020/21	2021/22
	£000	£000
Cash held by the Council	47	50
Bank current accounts	19,831	13,833
Short-term deposits	24,208	39,711
Total Cash & Cash Equivalents	44,086	53,594

22. Short Term Creditors

The Short Term Creditors identified in the Balance Sheet comprise of the following elements:

	2020/21				2021/22			
	Trade creditors	Receipts in advance	Other creditors	Total Creditors	Trade creditors	Receipts in advance	Other creditors	Total Creditors
	£000	£000	£000	£000	£000	£000	£000	£000
Scottish Government bodies	0	(17,665)	(5,210)	(22,875)	0	(15,993)	(1,574)	(17,567)
Central Government bodies	0	(3,851)	(4,726)	(8,577)	0	(2,367)	0	(2,367)
Other Local Authorities	0	0	0	0	(135)	0	32	(103)
NHS bodies	0	(497)	0	(497)	(3)	(1,596)	0	(1,599)
Payroll	0	0	(8,508)	(8,508)	0	0	(18,066)	(18,066)
IJB	0	(7,810)	0	(7,810)	0	(5,668)	0	(5,668)
Other entities & individuals	(12,738)	(3,428)	(8,967)	(25,133)	(12,183)	(2,793)	(12,449)	(27,425)
Total Short Term Creditors	(12,738)	(33,251)	(27,411)	(73,400)	(12,321)	(28,417)	(32,057)	(72,795)

23. Short Term Liabilities

The Short Term Liabilities identified in the Balance Sheet comprise of the following elements:

	2020/21 £000	2021/22 £000
PPP/DBFM liabilities	(3,316)	(3,343)
	(3,316)	(3,343)

24. Provisions

Short term provisions are identified in the Balance Sheet. This note provides more detailed information on the provisions made by the Council.

	Balance at 31 March 2021 £000	Amount used in year £000	Additional provision made in year £000	Balance at 31 March 2022 £000
Legal Provision for Employment Cases	(213)	213	0	0
Providers Sustainability Payments	0	0	(1,005)	(1,005)
Total Provisions	(213)	213	(1,005)	(1,005)

Legal Provision for Employment Cases

In 2020/21 the Council had set aside provision of £213k for a number of employment related cases which may have required payments to be made to individuals as settlement. During 2021/22 payments of £70k were made, with the remaining balance released at the end of the financial year. There are currently no cases ongoing which have been identified as requiring provision to be made.

Provider Sustainability Payments

The Scottish Government provided additional resources to Health & Social Care partnerships to support the provision of Provider Sustainability Payments to those Social Care Providers who have sustained significant financial impacts associated with the COVID-19 pandemic. As some Social Care Providers have not yet made claims/provided supporting evidence to release this funding, a provision of £1,005k has been set aside to make these payments in the new financial year.

25. Private Finance Initiatives & Similar Contracts**Smarter Schools PPP/DBFM Projects**

In January 2008 the Council signed a 30-year Smarter Schools PPP contract with E4D&G, a project company formed by Amey Ventures Investments Limited and Cyril Sweett (Holdings) Limited. The project company will provide ten schools over eight sites in Dumfries & Galloway. E4D&G will provide building maintenance, grounds maintenance and a range of facility management services over the life of the project.

In January 2016 the Council also signed a 25 year DBFM contract with Hub SW Dalbeattie DBFM Co Limited to build a new Dalbeattie Learning Campus. Hub SW Dalbeattie DBFM Co Limited will also provide a degree of ongoing maintenance to October 2042.

Property, Plant & Equipment

The assets used to provide services under the contract are recognised in the Council's Balance Sheet. Movements in their value are detailed below and are included under "Other Land & Buildings" in Note 16.

	PPP/DBFM Schools	
	2020/21	2021/22
	£000	£000
Cost or Valuation		
At 1 April	152,308	145,915
Additions	8	0
Revaluations	(6,401)	0
At 31 March	145,915	145,915
Accumulated Depreciation at 1 April	(10,419)	(6,870)
Depreciation charge for year	(5,597)	(5,036)
Depreciation Written Out on Revaluations	9,146	0
Accumulated Depreciation at 31 March	(6,870)	(11,906)
Net Book Value at 31 March	139,045	134,009

Liabilities

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

	PPP/DBFM Schools	
	2020/21	2021/22
	£000	£000
Balance outstanding at the start of the year	110,793	107,755
Payments during the year	(3,038)	(3,316)
Balance outstanding at year end	107,755	104,439

Payments

The Council makes an agreed payment each year. The payment is increased annually for inflation and can be reduced if the contractor fails to meet performance standards set in the contract. The projected future payments due under the PPP and DBFM agreements are as follows:

	Payments for Services £000	Finance Interest £000	Repayment of Liability £000	Contingent Rentals £000	Total £000
Payments due within one year	6,931	7,093	3,343	647	18,014
Payments due within two to five years	30,141	25,962	15,334	2,967	74,404
Payments due within six to ten years	43,975	25,818	24,590	4,360	98,743
Payments due within eleven to fifteen years	47,567	15,660	35,819	6,857	105,903
Payments due within sixteen to twenty years	29,637	3,197	24,415	2,628	59,877
Payments due within twenty one to twenty five	495	23	938	32	1,488
	158,746	77,753	104,439	17,491	358,429

26. Termination Benefits

There were no termination benefits provided in relation to the Council's Early Retirement/Voluntary Severance Scheme in 2021/22.

27. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The liabilities detailed in the tables below include the potential additional liabilities in relation to the McCloud Ruling.

The Council participates in the following separate pension schemes:

- **The Local Government Pension Scheme (LGPS)** for administrative and manual employees is administered locally by Dumfries & Galloway Council. This is a funded defined benefit final salary scheme, which operates through both the Council and employees paying contributions into the fund with the contribution rates set at a level intended to balance pensions liabilities against investment assets.
- **The Teachers Pension Scheme** for teachers is a defined benefit scheme administered by the Scottish Government. Further details on the scheme are provided in Note 28.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and Movement in Reserves Statement:

	LGPS	
	2020/21	2021/22
	£000	£000
<u>Comprehensive Income & Expenditure Statement</u>		
Included within the Net Cost of Services:		
• current service cost	34,464	55,856
• past service costs	331	30
Included within Financing and Investment Income & Expenditure:		
• net interest expense	9,223	10,161
Total post-employment benefits charged to (Surplus) or Deficit on the Provision of Services	44,018	66,047
Other post-employment benefits charged to the CIES, included in remeasurement of the net defined liability:		
• return on plan assets (excluding the amount included in the net interest expense)	(146,848)	(70,690)
• actuarial (gains) & losses arising on changes in demographic assumptions	(13,563)	(7,673)
• actuarial (gains) & losses arising on changes in financial assumptions	272,252	(89,450)
• other	(32,706)	5,131
Total Post Employment Benefit charged to CIES	123,153	(96,635)
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the (Surplus) or Deficit on Provision of Services for post-employment benefits in accordance with the Code	(44,018)	(66,047)
Actual amount charged against the General Fund Balance for pensions in the year		
• employers' contributions payable to scheme	20,701	22,870

Pension assets and liabilities recognised in the Balance Sheet

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

	LGPS	
	2020/21	2021/22
	£000	£000
Present value of the defined benefit obligation	1,392,716	1,355,527
Fair value of plan assets	(898,382)	(985,476)
Net liability arising from defined benefit obligation	494,334	370,051

Reconciliation of the movements in the fair value of scheme (plan) assets

	LGPS	
	2020/21	2021/22
	£000	£000
Opening fair value of scheme assets	719,709	898,382
Interest income	16,486	17,940
Remeasurement gain/(loss):		
• the return on plan assets, excluding the amount included in the net interest expense	146,848	70,690
• other	20,206	0
Contributions from employers	25,402	27,648
Contributions from employees into the scheme	5,793	6,251
Benefits paid	(36,062)	(35,435)
Closing fair value of scheme assets	898,382	985,476

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded Liabilities LGPS	
	2020/21	2021/22
	£000	£000
Opening balance at 1 April	1,116,292	1,392,716
Current service cost	34,464	55,856
Interest cost	25,709	28,101
Contribution from scheme participants	5,793	6,251
Remeasurement (gains) & losses:		
• actuarial (gains) & losses arising on changes in demographic assumptions	(13,563)	(7,673)
• actuarial (gains) & losses arising on changes in financial assumptions	272,252	(89,450)
• other experience	(12,500)	5,131
Past service cost	331	30
Benefits paid	(36,062)	(35,435)
Closing balance at 31 March	1,392,716	1,355,527

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets					
	2020/21			2021/22		
	Quoted	Unquoted	TOTAL	Quoted	Unquoted	TOTAL
	£000	£000	£000	£000	£000	£000
Cash & cash equivalents	2,066	0	2,066	4,580	0	4,580
Real Estate						
• UK Property	0	0	0	94,906	0	94,906
	0	0	0	94,906	0	94,906
Other investment funds						
• equities	534,108	0	534,108	683,461	0	683,461
• bonds	137,025	0	137,025	146,630	0	146,630
• other	225,127	56	225,183	55,900	0	55,900
	896,260	56	896,316	885,990	0	885,990
Total assets	898,326	56	898,382	985,476	0	985,476

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The independent actuaries appointed by the Council, Hymans Robertson, have assessed the liabilities of the Council based on the latest interim valuation of the scheme as at 31 March 2020. The principal assumptions used by the actuary have been:

	LGPS	
	2020/21	2021/22
Long term expected rate of return on assets in the scheme:		
• equity investments	2.0%	2.7%
• bonds	2.0%	2.7%
• property	2.0%	2.7%
• cash	2.0%	2.7%
Mortality assumptions		
• longevity at 65 for current pensioners		
o men	20.8 years	20.8 years
o women	23.3 years	23.3 years
• longevity at 65 for future pensioners		
o men	21.9 years	21.8 years
o women	25.3 years	25.2 years
Rate of increase in salaries	3.7%	4.0%
Rate of increase in pensions	2.9%	3.2%
Rate for discounting scheme liabilities	2.0%	2.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from the previous year.

	Impact on the defined benefit obligation in the scheme	
	Increase in assumption £000	Decrease in assumption £000
Rate of increase in salaries (increase or decrease by 0.1%)	2,738	(2,738)
Rate of increase in pensions (increase or decrease by 0.1%)	21,538	(21,538)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	24,478	(24,478)
1 year increase/decrease in the salary increase rate	54,221	(54,221)

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Dumfries & Galloway Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 15 years. Funding levels are monitored on an annual basis. The last triennial valuation was undertaken as at 31 March 2020. The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2023 is £22.841 million.

28. Pension Schemes Accounted for as Defined Contribution Schemes

(a) Dumfries and Galloway Council participates in the Scottish Teachers' Pension 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. The last four-yearly valuation was undertaken as at 31 March 2020.

(b) Dumfries and Galloway Council has no liability for other employers obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d) (i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Dumfries and Galloway Council is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 September 2019 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) Dumfries and Galloway level of participation in the scheme is 2.32% based on the proportion of employer contributions paid.

The amounts paid to the Scottish Public Pensions Agency in 2021/22 amounted to £6.07 Million (£6.13 Million in 2020/21) being deducted from employees and £14.77 Million (£15.02 Million in 2020/21) funded from the Council as the employer.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. The total added years discretionary payments made to former teachers in 2021/22 amounted to £2.24 Million (£2.22 Million in 2020/21).

29. Dumfries & Galloway Council Pension Fund

Dumfries & Galloway Council is the administering authority for the Local Government Pension Scheme. The Council is responsible for the Dumfries & Galloway Council Pension Fund. The Pension Fund members include most of the employees of the Council (excluding Teachers), four scheduled bodies and six admitted bodies. From 2010/11 the Local Government Pension Scheme Amendment (Scotland) Regulations 2008 require an administering authority to publish a pension fund annual report as a separate document. The Pension Fund Annual Report & Accounts are available on the Council's website.

30. Usable Reserves

The following table lists the Usable Reserves held by the Council. This table summarises the movements which are included in the Movement in Reserves Statement, Note 14 Adjustments Between Accounting Basis and Funding Basis Under Regulations, and Note 15 Transfers to/(from) Other Statutory Reserves. Further information on the purpose and movements on each reserve is detailed after the following table.

	Balance as at 31/3/21 £000	Balance as at 31/3/22 £000
Capital Receipts Reserve	0	0
Capital Fund	(1,626)	(4,771)
Repairs & Renewals Fund	(3,480)	(3,125)
Insurance Fund	(2,968)	(3,572)
General Fund	(70,180)	(90,003)
Capital Grants & Receipts Unapplied	0	0
	(78,254)	(101,471)

Capital Receipts Reserve

The Capital Receipts Reserve represents resources generated through the sale of capital assets which are available to the Council to be spent on capital projects and approved expenses.

	2020/21 £000	2021/22 £000
Balance at 1 April	0	0
Amounts received in year	(744)	(609)
Amounts applied to fund new capital investment	627	595
Amounts Transferred to the Capital Fund	117	0
Amount Transferred to Capital Grant & Receipts Unapplied	0	14
Balance at 31 March	0	0

Capital Fund

The Capital Fund represents the amount set aside by the Council to fund expenditure on non-current assets.

	2020/21 £000	2021/22 £000
Balance at 1 April	(1,704)	(1,626)
Transfers to/(from) General Fund	0	(3,155)
Amounts applied to fund new capital investment	195	26
Unapplied Capital Grants and Contributions	(116)	(14)
Interest on balances	(1)	(2)
Balance at 31 March	(1,626)	(4,771)

Repairs & Renewals Fund

The Repairs & Renewals Fund represents amounts set aside to fund expenditure incurred in repairing, maintaining, replacing and renewing non-current assets.

	2020/21 £000	2021/22 £000
Balance at 1 April	(1,760)	(3,480)
Transfer to/(from) General Fund	(1,719)	360
Interest on balances	(1)	(5)
Balance at 31 March	(3,480)	(3,125)

Insurance Fund

The Council has a self-insurance policy in respect of all liability claims intimated against the Council and all motor claims involving the Council's fleet. This means that the first £50,000 arising on each claim is payable by the Council. In order to limit the total cost to the Council in any one financial year, a stop-loss policy exists with the insurers. The main purpose of the Insurance Fund is to meet the cost to the Council of self-insured claims and associated expenses.

	2020/21 £000	2021/22 £000
Balance at 1 April	(2,894)	(2,968)
Transfer to/(from) General Fund	(73)	(600)
Interest on balances	(1)	(4)
Balance at 31 March	(2,968)	(3,572)

Capital Grants and Receipts Unapplied

The Capital Grants and Receipts Unapplied Account represents resources generated through the sale of capital assets or Capital Grants which have not yet been applied to support Capital Projects. These amounts are then transferred to the Capital Fund to ensure they are available to support future capital expenditure.

	2020/21 £000	2021/22 £000
Balance at 1 April	0	0
Amounts Received in year not applied to Capital Expenditure	0	(14)
Amounts Transferred to the Capital Fund	0	14
Balance at 31 March	0	0

General Fund

General Fund balances are a fundamental part of prudent financial management. The following table identifies those amounts that have already been set aside for specific purposes and those which remain 'unallocated' to be used to resource unforeseen expenditure demands, to assist cash flow management and to be used in the Council's medium to longer term financial planning.

	Balance at 1 April 2020	Transfers In	Transfers Out*	Balance at 31 March 2021	Transfers In	Transfers Out*	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Schools PPP Sinking Fund	(14,641)	(8)	381	(14,268)	(93)	0	(14,361)
Waste Review Reserve	(1,994)	(136)	0	(2,130)	(255)	0	(2,385)
Employment Issues	(1,459)	0	222	(1,237)	0	0	(1,237)
Affordable Social Housing (2 nd Homes Discount)	(2,642)	(1,455)	821	(3,276)	(1,375)	992	(3,659)
Devolved School Management Reserve	(776)	0	122	(654)	(460)	0	(1,114)
Severe Weather Emergency Fund	(500)	0	0	(500)	0	0	(500)
Corporate Change Fund	(3,466)	(4,083)	1,961	(5,588)	0	0	(5,588)
Unallocated for Members consideration	0	0	0	0	(5,120)	(6,551)	(11,671)
FPT Implementation Plan Resourcing	0	0	(1,682)	(1,682)	0	214	(1,468)
Policy Development Funding	(2,076)	(150)	1,744	(482)	(2,360)	0	(2,842)
Budget Pressures/ Resilience Funding	0	(2,747)	(2,223)	(4,970)	0	0	(4,970)
Social Work Support Fund	(1,000)	0	0	(1,000)	0	0	(1,000)
AEF Funding	(1,606)	(748)	42	(2,312)	(8,072)	245	(10,139)
Welfare Reform/Anti-Poverty	(699)	0	83	(616)	(370)	326	(660)
Economic Recovery	0	(1,979)	0	(1,979)	0	392	(1,587)
Young Persons Employability	0	(685)	0	(685)	0	90	(595)
Repairs, Renew & Recovery Team	0	(650)	0	(650)	0	391	(259)
Children's Services Transformation	(1,966)	0	0	(1,966)	0	0	(1,966)
BRIS	(3,074)	0	3,074	0	0	0	0
Carriageway Defect Repairs	0	0	(2,400)	(2,400)	0	661	(1,739)
Earmarked/ Committed Amounts	(3,055)	(1,434)	(207)	(4,696)	(2,513)	642	(6,567)
Unallocated Balance	(7,200)	(300)	0	(7,500)	(600)	0	(8,100)
	(46,154)	(14,375)	1,938	(58,591)	(21,218)	(2,598)	(82,407)
COVID resources carried forward							
COVID Funding – Education Recovery	0	(4,358)	0	(4,358)	(1,643)	3,782	(2,219)
COVID Funding – Specific Initiative Support	0	(1,793)	0	(1,793)	(712)	1,280	(1,225)
COVID Funding – Agreed Allocations	0	0	0	0	(2,152)	0	(2,152)
COVID Funding – General Funding Support	0	(5,438)	0	(5,438)	(3,113)	6,551	(2,000)
Total COVID Resources	0	(11,589)	0	(11,589)	(7,620)	11,613	(7,596)
Total Allocated / Committed Funds	(46,154)	(25,964)	1,938	(70,180)	(28,838)	9,015	(90,003)

* The transfers out includes the reallocation of resources between specific commitments, reflecting the agreed allocation of resources for 2022/23.

31. Unusable Reserves

The following table lists the Unusable Reserves held by the Council. This table summarises the movements which are included in the Movement in Reserves Statement and Note 14 Adjustments Between Accounting Basis and Funding Basis Under Regulations. Further information on the purpose of and movements on each reserve is detailed after the following table.

	Balance as at 31/3/21 £000	Balance as at 31/3/22 £000
Capital Adjustment Account	(172,902)	(176,567)
Revaluation Reserve	(328,536)	(326,047)
Financial Instruments Adjustment Account	370	294
Pensions Reserve	494,334	370,051
Employee Statutory Adjustment Account – Employee Benefits	2,466	5,308
Total Unusable Reserves	(4,268)	(126,961)

Capital Adjustment Account

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

The Account contains revaluation gains accumulated on Property, Plant & Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2020/21 £000	2021/22 £000
Balance at 1 April	(175,139)	(172,902)
Depreciation & impairment of non-current assets	34,241	34,263
Amortisation of intangible assets	115	8
Value of assets sold, disposed or decommissioned	1,324	474
Capital receipts applied to finance new capital expenditure	(822)	(621)
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement	(15,691)	(21,293)
Loans Fund principal repayments	(13,641)	(13,543)
Statutory repayment of debt (PFI/PPP)	(3,038)	(3,316)
Capital expenditure financed from current revenue	(251)	(246)
Capital receipts received during the year	0	609
Other adjustments	0	0
Balance at 31 March	(172,902)	(176,567)

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation,
- disposed of and the gains are realised.

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

	2020/21	2021/22
	£000	£000
Balance at 1 April	(339,996)	(328,536)
Upward revaluations of assets	(13,580)	(15,562)
Downward revaluation of assets & impairments not charged to the (Surplus)/		
Deficit on the Provision of Services	5,983	1,615
Difference between fair value depreciation and historical cost depreciation	17,993	16,037
Accumulated gains on assets disposed of	1,064	399
Balance at 31 March	(328,536)	(326,047)

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.

	2020/21	2021/22
	£000	£000
Balance at 1 April	447	370
Amounts by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(77)	(76)
Balance at 31 March	370	294

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for the cost of retirement benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees. However statutory arrangements require the benefits earned to be financed as the Council makes employers' contributions to the Dumfries & Galloway Council Pension Fund.

	2020/21	2021/22
	£000	£000
Balance at 1 April	396,583	494,334
Remeasurement of net defined liability/ (asset)	79,224	(162,756)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	44,018	66,047
Employer's pension contributions payable in year	(25,491)	(27,574)
Balance at 31 March	494,334	370,051

Employee Statutory Adjustment Account - Employee Benefits

The Employee Statutory Adjustment Account (Employee Benefits) absorbs the differences that would otherwise have arisen on the General Fund Balances from accruing for compensated absences earned but not taken at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to and from the Account.

	2020/21	2021/22
	£000	£000
Balance at 1 April	2,853	2,466
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(387)	2,842
Balance at 31 March	2,466	5,308

32. LeasesCouncil as Lessee

No assets were leased under finance leases in 2021/22

The Council has entered into operating leases for vehicles, photocopiers, buildings and equipment.

The minimum lease payments due under non-cancellable leases in future years are shown in the following table.

	(Restated) At 31 March 2021 £000	At 31 March 2022 £000
Not later than one year	945	1,165
Later than one year and not later than five years	2,247	2,583
Later than five years	1,834	1,901
	5,026	5,649

The expenditure charged to the Comprehensive Income & Expenditure Statement during the year in relation to leases was:

	2020/21 £000	2021/22 £000
Minimum lease payments	2,644	3,102
	2,644	3,102

Council as Lessor

No assets are currently held by the Council for the purposes of letting under finance leases.

The Council leases out property under operating leases for economic development purposes to provide suitable, affordable accommodation for local businesses. The Council received income of £0.842 Million (£0.633 Million 2020/21) from operating leases related to land and buildings.

The future minimum lease payments receivable under non-cancellable leases in future years are shown in the table below.

	(Restated) At 31 March 2021 £000	At 31 March 2022 £000
Not later than one year	(302)	(383)
Later than one year and not later than five years	(197)	(262)
Later than five years	(157)	(291)
	(656)	(936)

33. Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities, such as trade receivables (debtors) and trade payables (creditors), and the most complex ones such as derivatives and embedded derivatives.

Categorisation

The following categories of financial instruments are carried on the Balance Sheet:

	Long Term		Current Restated		Total	
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000
Financial assets at Amortised Cost						
Investments	929	894	0	0	929	894
Debtors	9,979	9,506	10,797	10,835	20,776	20,341
Cash & cash equivalents	0	0	44,086	53,594	44,086	53,594
Total Financial Assets	10,908	10,400	54,883	64,429	65,791	74,829
Financial Liabilities at Amortised Cost						
Borrowing	(199,165)	(175,442)	(4,610)	(14,848)	(203,775)	(190,290)
PFI/PPP liabilities	(104,439)	(101,096)	(3,316)	(3,343)	(107,755)	(104,439)
Creditors	0	0	(40,149)	(44,378)	(40,149)	(44,378)
Total Financial Liabilities	(303,604)	(276,538)	(48,075)	(62,569)	(351,679)	(339,107)

Reclassifications Between Categories

The Council did not reclassify any financial assets or liabilities between categories during the year, or during 2021/22.

Income, Expense, Gains and Losses

The income, expense, gains and losses for financial instruments recognised in the Comprehensive Income & Expenditure Statement are as follows:

	Financial Assets		Financial Liabilities Liabilities measured at amortised cost		Total	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Interest expense	0	0	16,695	16,545	16,695	16,545
Total expense in (Surplus) or Deficit on the Provision of Services	0	0	16,695	16,545	16,695	16,545
Interest income	(11)	(110)	0	0	(11)	(110)
Total income in (Surplus) or Deficit on the Provision of Services	(11)	(110)	0	0	(11)	(110)
Net (gain)/ loss for year	(11)	(110)	16,695	16,545	16,684	16,435

Fair Value of Assets & Liabilities

Financial assets (represented by lending and debtors) and financial liabilities (represented by borrowing and creditors) are carried on the Balance Sheet at amortised cost. Financial assets and liabilities are required to be calculated at fair value based on the fair value hierarchy. The hierarchy has 3 levels:

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

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All assets and liabilities are measured at level 2 (other than those at amortised cost). Their fair value can be assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining term of the instruments, using the following assumptions:

- Loan rates for each loan,
- No early repayment or impairment is recognised,
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value,
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value is based on the comparable new borrowing/ deposit rate for the same financial instruments from a comparable lender. The rates quoted in this valuation were obtained by the Council's Treasury Management consultants from the market on 31 March 2022 using the following assumptions:

- For Public Works Loan Board (PWLB) debt, the discount rate used is the rate for new borrowing.
- For PPP/PFI, other market debt the discount rate used is the rate available for an instrument with the same terms from a comparable lender

The fair values calculated are as follows:

	31 March 2021		31 March 2022	
	Restated Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value at Level 2 £000
<u>Financial assets</u>				
Investments	929	929	894	894
Debtors	20,776	20,776	20,341	20,341
Cash & cash equivalents	44,086	44,086	53,594	53,594
Total Financial Assets	65,791	65,791	74,829	74,829

	31 March 2021		31 March 2022	
	Restated Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value at Level 2 £000
<u>Financial liabilities</u>				
Borrowing	(203,775)	(300,405)	(190,290)	(263,073)
PFI/PPP liabilities	(107,755)	(166,395)	(104,439)	(148,807)
Creditors	(40,149)	(40,149)	(44,378)	(44,378)
Total Financial Liabilities	(351,679)	(506,949)	(339,107)	(456,258)

The fair value of the financial liabilities is more than the carrying amount because the Council's loan portfolio includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the debt. The figures above are based on market rates, however, PWLB loans have special characteristics in that the interest rates are based on the government's cost of borrowing, rather than market rates, and a penalty charge is payable on early repayment, over and above the economic cost to the lender. In this instance the fair value of borrowing above would change to £313,200k.

34. Nature & 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 Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they are on the Council's approved lending list. This list is under constant review. The list is based on a credit rating matrix produced by the Treasury Management Consultants and reflects ratings supplied from independent credit rating agencies. The approved lending list defines maximum periods and amounts that can be deposited with specific counterparties. The Council has a policy of not lending more than £25 Million of its surplus balances to any one institution.

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

	Amount at 31 March 2022	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default & uncollectability at 31 March 2022	Estimated maximum exposure to default & uncollectability at 31 March 2021
	£000	%	%	£000	£000
Deposits with banks & financial institutions	53,544	0	0	0	0
Customers	2,969	10	10	297	517

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

The Council does not generally allow credit for customers, however there is a total sundry debtors debt of £2.969 Million of which £1.950 Million is past its date for payment. The past due date amount can be analysed by age as follows:

Age	2020/21 £000	2021/22 £000
Less than 3 months	3,229	1,129
3 – 6 months	250	203
6 months – 1 year	461	516
More than 1 year	1,231	1,121
Total	5,171	2,969

Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of long term loans are due to mature in any one year through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

	2020/21 £000	2021/22 £000
Less than one year	14,612	14,848
Between one and two years	13,687	7,558
Between two and five years	18,269	10,716
More than five years	157,207	157,168
	203,775	190,290

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

Market risk**a) Interest rate risk**

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

- borrowings at variable rates - the interest expense charged to the Comprehensive Income & Expenditure Statement will rise,
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall,
- investments at variable rates - the interest income credited to the Comprehensive Income & Expenditure Statement will rise,
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income & Expenditure Statement and therefore impact on the General Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the Other Comprehensive Income & Expenditure line in the Comprehensive Income & Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update monitoring reports during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	2020/21 £000	2021/22 £000
Increase in interest payable on variable rate borrowings	16	17
Increase in interest receivable on variable rate investments	(192)	(267)
Impact on (Surplus) or Deficit on Provision of Services	<u>(176)</u>	<u>(250)</u>
Decrease in fair value of fixed rate borrowings – Market Risk (no impact on the (Surplus) or Deficit on Provision of Services or Other Comprehensive Income & Expenditure)	47,319	40,813
Decrease in fair value of fixed rate borrowings - Redemption Rate (PWLB)(no impact on the (Surplus) or Deficit on Provision of Services or Other Comprehensive Income & Expenditure)	62,926	53,684

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

b) Price risk

The Council does not hold equity shares for investment purposes and therefore has no exposure to losses arising from movements in the prices of the shares.

c) Foreign exchange risk

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

35. Cash Flow Operating Activities

The cash flows from operating activities include the following items:

	2020/21 £000	2021/22 £000
Interest received	(11)	(110)
Interest paid	8,856	8,589
Interest element of PFI/ PPP payments	8,109	7,956
Net cash flow from interest	<u>16,954</u>	<u>16,435</u>

36. Related Parties

The Council is required to disclose material transactions with related bodies – i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled and influenced by the Council.

Central Government

Central Government is responsible for providing the statutory framework within which the Council operates, providing the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of Central Government Grants received are contained in Note 13 (Grant Income).

Councillors & Officers

Elected Members and senior officers are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this arise, the relevant Member or officer does not take part in any discussion or decision related to that interest. The Register of Members Interests is available on the Council's website at www.dumgal.gov.uk.

During 2021/22, two senior officers of the Council declared close family members with significant influence over companies out with those controlled or significantly influenced by the Council but with whom the Council had transacted with. Care Solutions provided care services procured by Social Work Services to the value of £1,410k (£1,639k in 2020/21). People Smart Solutions provided training courses to the value of £39k (£7k in 2020/21).

Other Public Bodies

The Council along with NHS Dumfries & Galloway established a Health and Social Care Integrated Joint Board (IJB). Fully Integrated Services began operation on 1 April 2016. In 2021/22 the Council contributed £77,023K to the IJB (£69,152K in 2020/21), received £74,901K (£74,668K in 2020/21) from the IJB to support the provision of services and had a creditor of £5,688K (£7,810K in 2020/21) relating to income due to the IJB. The Health and Social Care Integrated Joint Board is also included in the Group Accounts.

During the year the Council provided funding of £3.548 Million (£3.573 Million in 2020/21) to the South West Scotland Transport Partnership (SWestrans) which is a subsidiary organisation of the Council. The Council also provided £100k (£100k in 2020/21) as match funding to a Scottish Government grant for core running costs and a capital grant of £0K (£285k 2020/21). SWestrans does not employ its own staff and during 2021/22 the Council charged SWestrans £131k (£163k in 2020/21) in respect of staff support, supplies and other support services. At the year end, £46k (£39k in 2020/21) was outstanding as a payment from SWestrans and £80k (£82k in 2020/21) in relation to sums held in the Dumfries and Galloway Council Loans Fund.

Pension Fund

The Council charged the Pension Fund a total of £362k (£353k in 2020/21) for expenses incurred in administering the Fund.

37. Contingent Liabilities

Equal Pay

The Council has a contingent liability relating to the further risk that groups of workers may come forward to claim compensation under the terms of the legislation.

Historical Childhood Abuse

The Council also has a contingent liability relating to the risk of potential compensation payments due for childhood abuse. At this stage, we have not been able to quantify the potential impact this will have in Dumfries and Galloway; however this will continue to be monitored.

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 & Expenditure Statement.

2020/21 £000		2021/22 £000
91,243	Gross Council Tax Charge	91,666
	Less Deductions	
(2,178)	Exemptions	(2,052)
(145)	Disabled relief	(140)
(7,979)	Discounts	(8,083)
1	Council Tax Benefits (net of government grant)	0
(1,040)	Provision for doubtful debts	(1,522)
(367)	Previous year adjustments	(379)
79,535		79,490
(9,752)	Council Tax Reduction Scheme	(9,254)
69,783	Net Council Tax Income per the Comprehensive Income & Expenditure Statement	70,236

Notes**1. Nature of the Council Tax Charge**

The Council Tax charge is based upon the property market value of a domestic property together with a personal element which takes into account the number and circumstances of the occupants of the property. Each household or occupied dwelling is allocated to a council tax band (A - H) by the Assessor. The Council declares an annual tax level for band D properties and all other properties are charged a proportion of this - lower valued properties pay less, higher valued properties pay more.

From 1 April 2017, the rate of Council Tax applied to the 4 highest bands (E, F, G & H) was increased through changes to the Council Tax Multiplier (i.e. the proportion of the band D Council Tax), as follows: -

	Band D	Band E	Band F	Band G	Band H
Previous Multiplier	9/9	11/9	13/9	15/9	18/9
Current Multiplier	360/360	473/360	585/360	705/360	882/360

A discount of 25% on the Council Tax is made where there are fewer than two residents in the property. Discounts of 50% are available for some unoccupied properties (job-related homes & purpose-built holiday homes). There is also a discount of 10% available for second homes. From 1 October 2014 certain long-term empty properties may be subject to a 100% tariff. Reductions in Council Tax are also available for people with disabilities where the property has been adapted to meet their needs. Total exemptions are available for some categories of occupants.

Charges for water and sewerage are the responsibility of Scottish Water. The Council collects monies on behalf of Scottish Water.

2. Calculation of the Council Tax base

The number of dwellings in each valuation band and the corresponding number of Band D dwellings in 2020/21 were as follows:

2020/21		2021/22 Bands										
Total		A*	A	B	C	D	E	F	G	H	Total	
75,298	Properties	0	11,202	22,731	12,234	10,333	10,819	5,461	2,587	154	75,521	
(2,362)	Exemptions	0	(716)	(683)	(327)	(214)	(209)	(96)	(36)	(3)	(2,284)	
(631)	Disabled Reliefs (to lower band)	0	(45)	(151)	(88)	(83)	(134)	(61)	(31)	0	(593)	
631	Disabled Reliefs (from higher band)	45	151	88	83	134	61	31	0	0	593	
(6,780)	Discounts (25% equivalent properties)	(6)	(1,724)	(2,367)	(1,082)	(732)	(663)	(259)	(113)	(4)	(6,950)	
(1,662)	Discounts (50% equivalent properties)	0	(299)	(409)	(301)	(229)	(181)	(84)	(50)	(8)	(1,561)	
64,494	Total Equivalent Ratio	39	8,569	19,209	10,519	9,209	9,693	4,992	2,357	139	64,726	
		200/360	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360		
64,737	Band D Equivalents	22	5,713	14,940	9,350	9,209	12,736	8,112	4,616	341	65,039	
(1,366)	Bad Debt Provision											(1,519)
63,371												63,520

Band A* refers to band A properties subject to disabled relief. Disabled relief takes the form of a drop-in valuation band and is applied where a property has been adapted to meet the needs of a disabled person who lives there.

3. Council Tax Levels

In 2021/22 the Scottish Government incentivised local authorities to maintain Council tax charges at 2020/21 levels by providing additional funding through the revenue support grant. As such Dumfries and Galloway Council agreed to freeze rates at 2020/21 levels. In accordance with this agreement, the charge per band D household for 2021/22 remained at £1,222.63. Applying this to the band D equivalent tax base of 63,520 the total sum to be raised through the Council Tax in 2021/22 was £77,661 Million. Charges for the other bands within the range A to H vary according to the variable formula, which makes the band A charge equivalent to 240/360 of the band D charge (£815.09) and the band H charge equivalent to 882/360 of the band D charge (£2,995.44).

Valuation Band	Charge per Dwelling	
	2020/21 £	2021/22 £
A up to £27,000	815.09	815.09
B £27,000 to £35,000	950.93	950.93
C £35,000 to £45,000	1,086.78	1,086.78
D £45,000 to £58,000	1,222.63	1,222.63
E £58,000 to £80,000	1,606.40	1,606.40
F £80,000 to £106,000	1,986.77	1,986.77
G £106,000 to £212,000	2,394.32	2,394.32
H over £212,000	2,995.44	2,995.44

Non-Domestic Rates Account

The Non-Domestic Rates Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rates Account. The statement shows the gross income from the rates and the deductions made under statute. The Contribution to the National Non-Domestic Rate Pool represents the value of the amounts collected by the Council and contributed through pooling arrangements for Government Grant purposes. The Contribution from the National Non-Domestic Rates Pool represents the value of non-domestic rates income distributed to the Council through the Aggregate External Finance mechanism.

2020/21		2021/22
£000		£000
68,678	Gross Rates Charged	69,095
	Less Deductions	
(824)	Vacant properties	(1,541)
(30,183)	Mandatory relief	(23,411)
(734)	Discretionary relief	(742)
(1,387)	Disabled relief	(1,298)
(318)	Provision for bad debts	(257)
35,232	TOTAL Non-Domestic Rates Income (before Authority retentions)	41,846
0	Non-Domestic Rates income retained by the Authority (BRIS)	3,074
427	Contribution from/ (to) National Non-Domestic Rate Pool	(3,016)
35,659	Net Non-Domestic Rates Income to Comprehensive Income & Expenditure Statement	41,904

Notes**1. Analysis of Rateable Subjects and Values as at 1 April 2021**

As at 1 April 2020			As at 1 April 2021		
Subjects	Values £000		Subjects	Values £000	
7,094	65,593	Commercial	7,141	65,886	
185	21,612	Industrial	179	20,752	
43	16,360	Public Utilities	50	17,931	
3,114	38,202	Miscellaneous	3,094	37,933	
10,436	141,767		10,464	142,502	

2. Rate Pounding

The Non-Domestic Rates system is used to bill and collect local tax income on non-domestic properties. The tax is based on applying the non-domestic rate poundage to the rateable value of each property and in 2021/22 the Scottish Government set the rate poundage at 49 pence in the pound for properties with a rateable value below £51,000. Businesses with a Rateable Value between £51,001 and £95,000 pay an additional supplement of 1.3 pence in the pound and businesses with a Rateable Value over £95,000 pay an additional supplement of 2.6 pence in the pound.

During 2021/22, the Scottish government confirmed that the 100% non-domestic rates relief for Retail, Hospitality, Leisure and Aviation properties would continue for 21/22. An award of Retail, Hospitality, Leisure and Aviation Relief may be made if the following conditions are satisfied:

- The ratepayer must be in rateable occupation
- The ratepayer's property must fall within one of the classes of Specified Purposes stated in schedule 1 of the 2021 regulations

The above accounts for the high value of mandatory relief reflected within the Non-Domestic Rates account.

Note 38. Trust Funds

In its capacity as trustee, the Council administers a number of Educational, Welfare and Charitable Trusts usually provided from legacies of former school pupils, donations to Social Work Services children's homes & other centres, and residents of particular areas. These Trusts are all registered Scottish charities. The statements below have been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006 (as amended) and the principles of Accounting and Reporting By Charities: A Statement of Recommended Practice FRS102 (revised January 2019).

Statement of Financial Activities

2020/21 Total £000	Educational £000	2021/22 Charitable £000	Total £000
Incoming Resources			
Income from generated funds:			
0	0	0	0
(99)	(124)	(28)	(152)
(99)	(124)	(28)	(152)
Total incoming resources			
Resources Expended			
130	45	24	69
52	0	51	51
182	45	75	120
Total resources expended			
83	(79)	47	(32)
Net (incoming)/ outgoing resources			
Other Recognised Gains			
0	0	0	0
(229)	88	59	147
(146)	9	106	115
Net movement in funds			
Reconciliation of Funds			
(1,900)	(756)	(1,290)	(2,046)
(2,046)	(747)	(1,184)	(1,931)
Total funds brought forward			
Total funds carried forward			

Trust Funds Balance Sheet

2020/21 Total £000	Educational £000	2021/22 Charitable £000	Total £000
790	0	747	747
1,023	396	480	876
Non-current Assets			
Investments			
Current Assets			
233	75	233	308
0	0	0	0
2,046	471	1,460	1,931
Temporary Deposits with Loans Fund			
Current Liabilities			
Net Assets			
Financed by:			
381	32	202	234
Available for Sale Financial Instruments Reserve			
551	0	257	257
Revaluation Reserve			
1,197	636	772	1,408
Balance in Funds at 1 April			
0	0	0	0
Recalculation of investment values			
(83)	79	(47)	32
2,046	747	1,184	1,931
Surplus/ (Deficit) for year			
Balance on Trust Funds at 31 March			

Notes for Educational, Welfare & Charitable Trusts:

The income from the investments of the Educational Trusts is used to provide educational grants, school equipment and prizes. The income from Charitable Trusts is used for the benefit of local people according to the purposes specified by the trust deeds.

The Lockerbie and Syracuse University Scholarship Trust is included in the Educational Trusts in the statements above. Its purpose is to send two Lockerbie students to Syracuse University each year. The Trust meets the college fees and everyday expenses of the two students.

Trust Funds are mainly invested in high interest earning investments or placed with the Council's Loans Fund and earn interest accordingly. Investments are stated at market value at 31 March 2022.

The only significant property owned by the Trusts is the Proudfoot Institute in Moffat which is currently valued at £747k. The property is valued at depreciated replacement cost.

Note 39. Common Good

Common Good Funds are held for the benefit of residents of the former Burghs of Kirkcudbright, Castle Douglas, Gatehouse of Fleet, Annan, Lochmaben, Lockerbie, Stranraer, Whithorn, Wigtown, Sanquhar and Dumfries.

The assets of the Funds are the properties of these former Burghs and monies are mainly invested with the Council's Loans Fund. The Funds' expenditure is mainly on the maintenance of properties and on grants made to local organisations, while the Funds' income comes from property rentals and interest generated on investments. The Accounts of the Common Good Funds are prepared in accordance with the Code of Practice.

The following statements cover all Common Good Funds. Detailed information for 2021/22 for individual Funds is provided in Note 1.

Common Good Comprehensive Income & Expenditure Statement

2020/21 £000		2021/22 £000	£000
714	Gross expenditure	389	
(67)	Gross income	(94)	
647	Net Cost of Services		295
(75)	Financing & Investment Income and Expenditure - interest income		(67)
(19)	Taxation & Non Specific Grant Income - capital grants & contributions		(13)
553	(Surplus) or Deficit on the Provision of Services		215
(478)	(Surplus) or deficit on revaluation of non-current assets	(135)	
(286)	Other unrealised (gains)/ losses	(50)	
(764)	Other Comprehensive Income & Expenditure		(185)
(211)	Total Comprehensive Income & Expenditure		30

Movements in Reserves Statement

	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2020	(191)	(8,500)	(8,691)
Movements in Reserves during 2020/21			
(Surplus) or Deficit on provision of services	553	0	553
Other Comprehensive Income & Expenditure	0	(764)	(764)
Total Comprehensive Income & Expenditure	553	(764)	(211)
(Increase)/ decrease in year	553	(764)	(211)
Balance at 31 March 2021 carried forward	362	(9,264)	(8,902)
Movements in Reserves during 2021/22			
In Year Adjustment	(2,613)	2,613	0
(Surplus) or Deficit on provision of services	215	0	215
Other Comprehensive Income & Expenditure	0	(185)	(185)
Total Comprehensive Income & Expenditure	(2,398)	2,428	30
Adjustments between accounting basis & funding basis under regulations	(285)	285	0
(Increase)/ decrease in year	(2,683)	2,713	30
Balance at 31 March 2022 carried forward	(2,321)	(6,551)	(8,872)

During 2021/22 an adjustment in year of £2.613M was made to correct a historical error.

Common Good Balance Sheet

31 March 2021 £000		31 March 2021 £000
6,308	Property, Plant & Equipment	6,156
1,586	Long term investments	1,690
7,894	Long Term Assets	7,846
63	Short Term Debtors	0
949	Cash & Cash Equivalents	1,030
1,012	Current Assets	1,030
(4)	Short Term Creditors	(4)
(4)	Current Liabilities	(4)
8,902	Net Assets	(8,872)
(362)	Usable Reserves	2,321
	Unusable Reserves	
8,021	- Revaluation Reserve	2,115
899	- Capital Adjustment Account	4,041
344	- Available for Sale Financial Instruments Account	395
9,264		6,551
8,902	Total Reserves	8,872

Notes

1. Common Good Funds 2021/22

Comprehensive Income & Expenditure Account for year ended 31 March 2022

	Kirkcudbright	Castle Douglas	Gatehouse	Annan	Lochmaben	Lockerbie	Stranraer	Wigtown	Whithorn	Dumfries	Sanquhar	Dalbeattie	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure	49	21	19	41	0	1	109	4	10	117	18	0	389
Gross Income	(17)	(23)	(2)	(5)	0	(4)	(11)	0	(2)	(27)	(3)	0	(94)
Net Cost of Services	32	(2)	17	36	0	(3)	98	4	8	90	15	0	295
- interest income	(21)	(6)	(1)	(8)	(1)	(1)	(16)	(1)	(1)	(5)	(6)	0	(67)
- capital grants & contributions	0	0	0	(9)	0	0	(4)	0	0	0	0	0	(13)
(Surplus) or Deficit on the Provision of Services	11	(8)	16	19	(1)	(4)	78	3	7	85	9	0	215
(Surplus) or Deficit on revaluation of non-current assets	0	(53)	0	0	0	0	0	0	(82)	0	0	0	(135)
Other unrealised (gains)/losses	(30)	0	0	0	0	0	(20)	0	0	0	0	0	(50)
Other Comprehensive Income & Expenditure	(30)	(53)	0	0	0	0	(20)	0	(82)	0	0	0	(185)
Total Comprehensive Income & Expenditure	(19)	(61)	16	19	(1)	(4)	58	3	(75)	85	9	0	30

Balance Sheet as at 31 March 2022

	Kirkcudbright	Castle Douglas	Gatehouse	Annan	Lochmaben	Lockerbie	Stranraer	Wigtown	Whithorn	Dumfries	Sanquhar	Dalbeattie	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Long Term Assets													
Other Land & Buildings	618	247	318	467	0	150	1,697	101	240	2,119	199	0	6,156
Long term investments	920	0	0	1	1	0	758	0	0	0	10	0	1,690
	1,538	247	318	468	1	150	2,455	101	240	2,119	209	0	7,846
Current Assets													
Short term debtors	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents	(5)	224	40	263	19	26	26	21	46	186	184	0	1,030
	(5)	224	40	263	19	26	26	21	46	186	184	0	1,030
Current Liabilities													
Short term creditors	0	0	0	0	0	0	0	0	0	(4)	0	0	(4)
	0	0	0	0	0	0	0	0	0	(4)	0	0	(4)
Net Assets	1,533	471	358	731	20	176	2,481	122	286	2,301	393	0	8,872
Usable Reserves	755	224	40	264	20	26	550	21	46	182	193	0	2,321
Unusable reserves	778	247	318	467	0	150	1,931	101	240	2,119	200	0	6,551
	1,533	471	358	731	20	176	2,481	122	286	2,301	394	0	8,872

2. Accounting Issues

Property, Plant & Equipment represents the Common Good Funds Heritable Property. These are revalued on a rolling basis every five years using the Code of Practice of the Royal Institute of Chartered Surveyors.

Investments are stated at their market value at 31 March 2022.

The accounting policies applied are those of Dumfries & Galloway Council.

Group Accounts

Introduction to Group Accounts

The code of practice on Local Authority Accounting in the United Kingdom 2021-22 (the code) and relevant accounting standards require local authorities to consider all of their interests in other organisations and to prepare a full set of group financial statements where they have material interests in subsidiary, associated entities and joint arrangements. Prior to the implementation of the Dumfries and Galloway Integration Joint Board in 2016/17, the Council's interest in other organisations was deemed to be immaterial and therefore group accounts were not required.

The Local Authority group is defined as the Local Authority and its interests in entities which would be regarded as its subsidiaries or associates or joint arrangements were it subject to the Companies Act. The Code requires that group financial statements include the following statements:

- a Group Movement in Reserves Statement
- a Group Comprehensive Income and Expenditure Statement
- a Group Balance Sheet
- a Group Cash Flow Statement

For the purposes of consolidation and incorporation within the Local Authority group, the Council has consolidated the following entities:

Subsidiaries

Subsidiary entities are those over which the Council has been deemed to have control. The Council administers Common Good Fund and Charitable Trust Funds, whereby accounts are included on page 102 to 107 of these accounts. However, the impact of consolidating these is deemed to be immaterial and they have therefore been excluded from the Group Accounts.

The South West of Scotland Transport Partnership (SWestrans) has been recognised as a subsidiary. The Partnership was set up under the Transport (Scotland) Act 2005 and the Council's public transport functions were transferred to the SWestrans under a Transfer of Functions Order on 7 November 2006. The Council is able to exercise a significant influence over the SWestrans through five Council members being board members (out of a total board membership of seven). A copy of the annual accounts for SWestrans is available on the Council website.

Joint Arrangements

Joint arrangements can be either joint operations or joint ventures. Joint operations are joint arrangements where the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Council along with NHS Dumfries & Galloway established a Health and Social Care Integrated Joint Board (IJB) on 3 October 2015. The Council has joint control of the IJB through the council having five voting members on the board (out of a total voting board membership of ten), and therefore has a group relationship with the IJB, which is considered to be a joint venture. Annual Accounts for the IJB can be found at <http://www.dg-change.org.uk/>.

Group Comprehensive Income & Expenditure Statement

	2020/21			2021/22		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
168,463	(14,770)	153,693	Education & Learning	181,615	(18,707)	162,908
28,573	(4,163)	24,410	Social Work Services	33,709	(6,678)	27,031
168,700	(100,572)	68,128	Integrated Joint Board (IJB)	188,378	(106,160)	82,218
141,129	(44,494)	96,635	Communities	149,233	(47,587)	101,646
58,477	(12,362)	46,115	Economy & Resources	63,189	(14,657)	48,532
5,296	(557)	4,739	Non Distributed Costs	4,161	(2,953)	1,208
4,501	(660)	3,841	SWestrans	4,491	(678)	3,813
575,139	(177,578)	397,561	Net Cost of Services	624,776	(197,420)	427,356
		1,645	Other Operating Expenditure			259
		25,907	Financing and Investment Income & Expenditure			26,596
		(412,263)	Taxation & Non Specific Grant Income			(423,767)
		12,850	Deficit on the Provision of Services			30,444
		(6,935)	Share of Surplus on the Provision of Services by Joint Venture			(7,180)
		5,915	Group Deficit on the Provision of Services			23,264
		(6,854)	Surplus on revaluation of non-current assets			(13,387)
		0	Impairment losses on non-current assets charged to Revaluation Reserve			54
		79,224	Remeasurement of net defined liability			(162,756)
		0	Other unrealised (gains)/ losses			0
		72,370	Other Comprehensive Income & Expenditure			(176,089)
		78,285	Total Comprehensive Income & Expenditure			(152,825)

Group Movement in Reserves Statement

	Usable Reserves							Total Unusable Reserves £000	Total Reserves £000	Authority Share of Subsid Reserves £000	Group Reserves £000
	General Fund Balance	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied	Total Usable Reserves				
	£000	£000	£000	£000	£000	£000	£000				
Balance at 31 March 2020	(46,154)	0	(1,704)	(1,760)	(2,894)	0	(52,512)	(115,252)	(167,764)	(2,465)	(170,229)
Movements in Reserves during 2020/21											
(Surplus) or Deficit on provision of services	9,294	0	0	0	0	0	9,294	0	9,294	(3,379)	5,915
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	72,370	72,370	0	72,370
Total Comprehensive Income & Expenditure	9,294	0	0	0	0	0	9,294	72,370	81,664	(3,379)	78,285
Adjustments to usable reserves permitted by accounting standards	(17,994)	0	0	0	0	0	(17,994)	17,994	0	0	0
Adjustments between accounting basis & funding basis under regulations	(20,698)	(117)	195	0	0	0	(20,620)	20,620	0	0	0
Adjustments between group accounts and Council accounts	3,578	0	0	0	0	0	3,578	0	3,578	(3,578)	0
Net (increase)/ decrease before transfers to /(from) other statutory reserves	(25,820)	(117)	195	0	0	0	(25,742)	110,984	85,242	(6,957)	78,285
Transfers to/ (from) Other Statutory Reserves	1,794	117	(117)	(1,720)	(74)	0	0	0	0	0	0
(Increase)/ decrease in year	(24,026)	0	78	(1,720)	(74)	0	(25,742)	110,984	85,242	(6,957)	78,285
Balance at 31 March 2021 carried forward	(70,180)	0	(1,626)	(3,480)	(2,968)	0	(78,254)	(4,268)	(82,522)	(9,422)	(91,944)
Movements in Reserves during 2021/22											
(Surplus) or Deficit on provision of services	26,631	0	0	0	0	0	26,631	0	26,631	(3,367)	23,264
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(176,089)	(176,089)	0	(176,089)
Total Comprehensive Income & Expenditure	26,631	0	0	0	0	0	26,631	(176,089)	(149,458)	(3,367)	(152,825)
Adjustments to usable reserves permitted by accounting standards	(16,037)	0	0	0	0	0	(16,037)	16,037	0	0	0
Adjustments between accounting basis & funding basis under regulations	(37,371)	0	26	0	0	(14)	(37,359)	37,359	0	0	0
Adjustments between group accounts and Council accounts	3,548	0	0	0	0	0	3,548	0	3,548	(3,548)	0
Net (increase)/ decrease before transfers to /(from) other statutory reserves	(23,229)	0	26	0	0	(14)	(23,217)	(122,693)	(145,910)	(6,915)	(152,825)
Transfers to/ (from) Other Statutory Reserves	3,406	0	(3,171)	355	(604)	14	0	0	0	0	0
(Increase)/ decrease in year	(19,823)	0	(3,145)	355	(604)	0	(23,217)	(122,693)	(145,910)	(6,915)	(152,825)
Balance at 31 March 2022 carried forward	(90,003)	0	(4,771)	(3,125)	(3,572)	0	(101,471)	(126,961)	(228,432)	(16,337)	(244,769)

Group Balance Sheet

31 March 2021		31 March 2022
£000		£000
883,735	Property, Plant & Equipment	877,045
2,310	Heritage Assets	2,350
30	Intangible Assets	22
929	Long Term Investments	894
9,979	Long Term Debtors	9,506
8,206	Investment in Joint Ventures and Associates	15,386
905,189	Long Term Assets	905,203
795	Assets Held For Sale	957
1,128	Inventories	1,081
20,351	Short Term Debtors	22,640
44,086	Cash & Cash Equivalents	53,594
66,360	Current Assets	78,272
(4,610)	Short Term Borrowing	(14,848)
(73,528)	Short Term Creditors	(72,921)
(3,316)	Short Term Liabilities	(3,343)
(213)	Short Term Provisions	(1,005)
(81,667)	Current Liabilities	(92,117)
(199,165)	Long Term Borrowing	(175,442)
(104,439)	Other Long Term Liabilities	(101,096)
(494,334)	Other Long Term Liabilities (Pensions)	(370,051)
(797,938)	Long Term Liabilities	(646,589)
91,944	Net Assets	244,769
78,254	Usable Reserves	101,471
4,268	Unusable Reserves	126,961
8,206	Group Usable Reserves	15,386
1,216	Group Unusable Reserves	951
91,944	Total Reserves	244,769

The audited accounts were issued on 27 February 2023.

Paul Garrett
Head of Finance and Procurement