



Annual Accounts 2021-22



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1. Introduction

Welcome to the financial statements for Fife Council and its group for the year ended 31 March 2022. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This commentary outlines the key messages regarding the performance of the Council over the 2021-22 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

Due to the ongoing effects of the pandemic and the delays experienced in the 2020-21 audit process, the Local Authority Accounts (Scotland) Regulations 2014 have been amended in respect of approval and publication of 2021-22 annual accounts. Under Regulation 2 of the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2022 dates for publishing Annual Accounts may be extended up to 15 December 2022. The Council has determined again that it wishes to continue to work to the previously planned timetable for completion of the draft accounts and to the revised timescales for the audit process and publishing of Annual Accounts.

Ongoing Impact of COVID-19 pandemic

Service Delivery

During 2021-22 Services continued to work within government guidelines and restrictions and adapt as necessary to the changing situation of the pandemic and reacting to new variants such as Omicron. However, the focus is now on Recovery and Reform with a strategic framework for Fife developed and aligned to that of the Scottish Government. The Council will continue to play a critical role in supporting recovery including supporting the local economy, tackling increased poverty levels and continuing to address the challenge of climate change. Whilst all government restrictions have now been lifted, the financial consequences arising from the pandemic continue to be a feature in the Council finances, both in terms of the impact on services and the level of grant funding being received from the Scottish Government.

Revenue and Funding

The indicative General Fund revenue budget for 2021-22 was approved by Council on 11 March 2021, prior to the final Budget Bill being approved by the Scottish Government. Following this bill being approved the Local Government Finance Order was issued which provided updated funding information, consequently the budget was updated and reported to Policy and Co-ordination Committee. The Council continues to utilise all its available resources to deliver services.

In September 2021, the Policy and Co-ordination Committee agreed an updated Financial Plan to deal with the potential costs and possible risks of the pandemic that were predicted at that time. Additional costs associated with COVID-19 were estimated to be £35m and cost reductions in the region of £3m, bringing the additional funding requirement down to £32m. The strategy identified funding sources including additional General Revenue Grant (GRG) funding of £17.721m and utilising the earmarked reserves set aside at the end of 2020-21 for this purpose. Additional investment to promote recovery was made available as part of the revenue budget process and further investment was agreed in September 2021.

The Council's financial position was monitored throughout the year with regular updates to the Policy and Co-ordination Committee with cost estimates being continually updated taking account of revised government guidance and response to the pandemic. By the end of the year the costs of COVID-19 are reported as being in the region of £31m, funded by both earmarked reserves and grant awarded in 2021-22.

Throughout the financial year the Scottish Government provided non-recurring General Revenue Grant funding totalling £30.562m in relation to COVID-19, some of which was not utilised and carried forward into 2022-23.

The outturn position across all general fund services is an underspend of £7.357m but after considering additional income and underspend on other items there is an overall contribution to balances of £58.974m.

Although this is a significant contribution to the level of balances, the scale of financial pressures on the Council following the pandemic including supply chain disruption and considerable inflationary cost pressures have never been so substantial. Work is continually ongoing to review these fast-changing cost pressures in the immediate term and commitments against balances are being updated to reflect this.

Capital

Whilst there was undoubtedly an impact from the early stages of the pandemic, the Council still made excellent progress, and this is reflected in the total investment of £164m. That said, there is now a significant level of financial risk associated with high inflationary costs and supply chain disruption. As a result, some capital projects have required additional funding to meet increased costs. This has been funded from reserves carried forward from 2020-21 and will no doubt have an adverse impact on planning for future investment

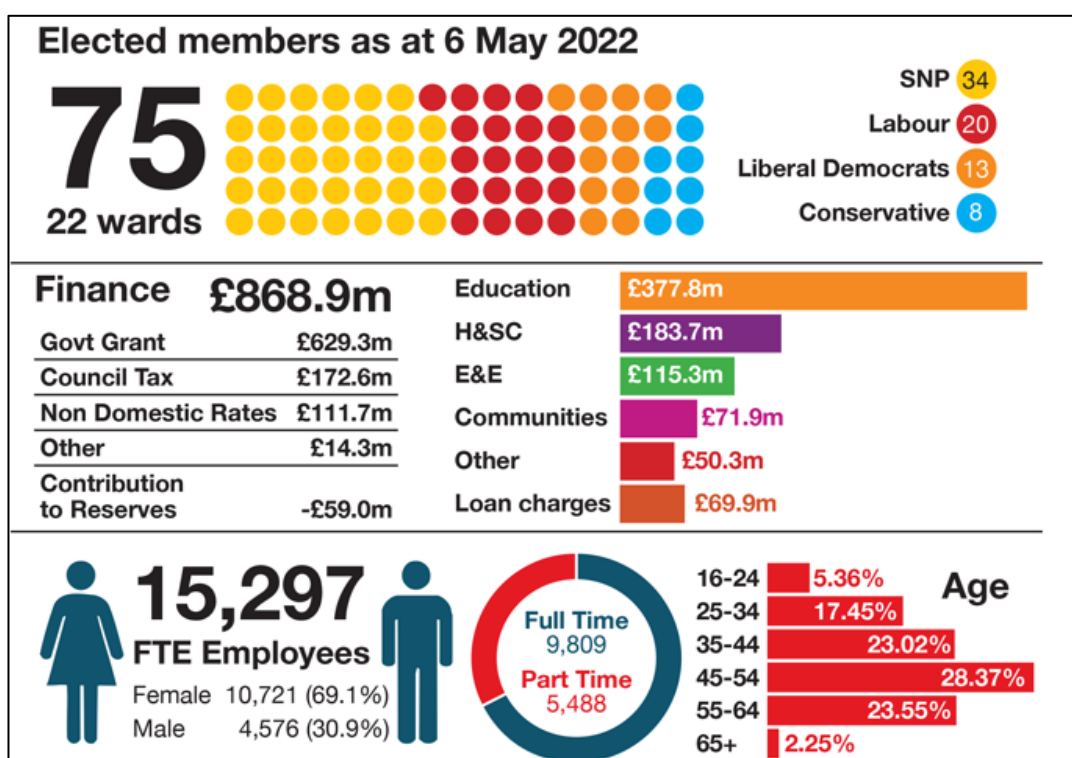
Agency Arrangements

In response to the pandemic, the Scottish Government introduced a number of grants for both businesses and individuals which Councils administered on their behalf. Fife Council paid out £55.852m of COVID-19 support funding to businesses and individuals on an agency basis as detailed below:

	Business	Individuals	Total
	£m	£m	£m
COVID-19: £500 payment for health & social care staff		4.990	4.990
Self Isolation Support		1.947	1.947
Business Support - Small Accommodation Providers Paying Council Tax (SAP-CFT): Third Wave' & 'Scottish Business Restart Grant'	0.444		0.444
Nightclub Closure Fund	0.240		0.240
Restart and Transition Grant	26.717		26.717
Route Map Extension Restrictions Fund	0.865		0.865
December & January Hospitality Fund	3.486		3.486
January Hospitality Top-Up Fund	1.413		1.413
Public House Table Service Restriction Fund	0.460		0.460
Additional Soft Play Support Fund	0.021		0.021
Brewer Support Fund	0.031		0.031
Taxi and Private Hire Operator Support Fund	3.626		3.626
Ventilation Grant Fund	0.019		0.019
Scottish Child Payment Bridging Payments		3.551	3.551
Family Pandemic Payments		2.646	2.646
Childcare Sector Omicron Impact Grants	0.183		0.183
ELC Temporary Restrictions Fund	0.048		0.048
Low Income Pandemic Payments		4.456	4.456
£400 Payment to Secondary Teachers and Lecturers		0.711	0.711
	37.552	18.300	55.852

2. Profile of Fife Council

Fife Council was constituted under the Local Government (Scotland) Act 1994 in April 1996 bringing together the work of the previous regional council and 3 district councils and is Scotland's third largest area by population. Fife has approximately 370,000 residents, two-thirds of which live in principal towns of Dunfermline, Kirkcaldy, Glenrothes and the group of towns forming Levenmouth, but there are also many other rural and urban settlements, which has implications on the costs of providing services. Local council elections were held on May 5th, 2022 and following this the Council became a minority administration with Labour, Liberal Democrat and Conservative councillors voting together to agree a governance structure. Some key statistics for Fife are shown below.



The Council provides a range of essential public services throughout Fife. The Council is structured into 5 main Directorates and is led by the Chief Executive, Steve Grimmond who is responsible for ensuring the Council delivers high quality services to Fife residents.

DIRECTORATES



The Integration Joint Board is a partnership with both Fife Council and NHS Fife and is responsible for the planning and operational oversight of Integrated Services, and through the Chief Officer, known as the Director of Health and Social Care, is responsible for the operational management of those services delegated and managed by the Board.

The Council has a number of Arms' Length subsidiary organisations who provide services on behalf of Fife Council – Fife Cultural Trust, Fife Sports and Leisure Trust, Fife Golf Trust, Fife Coast and Countryside Trust and Fife Resource Solutions. Section 4 contains more details about these and the other entities in the Fife Council Group.

3. Objectives and Strategy of the Council

Fife Council and its community planning partners (the Fife Partnership) have a clear strategic ambition to 'want Fife to be a place where all residents lead good lives, make informed choices and have a sense of control so that they can reach their full potential, and where all children are safe, happy and healthy. We also want Fife to be a place where we make best use of our assets and facilities, while sustaining them for future generations'. The overall vision is for A Fairer Fife.

Fife Council has set out its vision and ambitions in its ten-year local outcomes improvement plan (LOIP) – Plan for Fife – which was published in November 2017. The Plan was recently reviewed and a three-year update – Plan for Fife Recovery and Renewal – was agreed in August 2021. As well as being the three-year update of the Plan for Fife, the updated Plan is also Fife's recovery and renewal plan following the COVID-19 pandemic. The Plan sets out three recovery and renewal priorities to be taken forward as part of an overall community wealth-building approach: tackling poverty and preventing crisis, leading economic recovery, and addressing the climate emergency.

These recovery and renewal priorities are being taken forward in the context of 13 ten-year ambitions for Fife. Twelve of these ambitions were set out in the original plan:

Ambitions for Fife

			
Opportunities for All	Thriving Places	Inclusive Growth and Jobs	Community Led Services
<ul style="list-style-type: none"> • Fife has lower levels of poverty in line with national targets. • Educational attainment continues to improve for all groups • Fife has reduced levels of preventable ill health and premature mortality across all communities 	<ul style="list-style-type: none"> • Everyone has access to affordable housing options • Fife's main town centres stand out as attractive places to live, work and visit. • All our communities benefit from low levels of crime and anti-social behaviour. • Every community has access to high quality outdoor, cultural and leisure opportunities 	<ul style="list-style-type: none"> • Economic activity and employment in Fife is improving faster than in the rest of Scotland. • Economic activity and employment in Mid-Fife is catching up with the rest of Fife and Scotland. • Fife has year on year increases in visitor numbers and tourism spend. 	<ul style="list-style-type: none"> • Our public services are more joined up and acting 'one step sooner'. • Fife's communities and individuals are more involved in local decision making and in helping to plan and deliver local services.



A thirteenth ambition was added as part of the 2021 plan update in relation to addressing the [climate emergency](#) which the Council declared 2019. The targets and actions are set out in [Climate Fife](#). Fife Council provides an annual [Public Body Duties Report](#) which is required in compliance with climate change duties established under S44 of the Climate Change (Scotland) Act 2009 and in accordance with subsequent orders.

The Plan for Fife is supported by local community plans in each of Fife's seven local committee areas. These plans are currently being updated in line with the revised Plan for Fife. The full Plan for Fife can be viewed via the following link: [Recovery and Renewal \(fife.gov.uk\)](https://www.fife.gov.uk/recovery-and-renewal)

4. Finance and Performance

Performance Reporting

Under the Local Government in Scotland Act 2003, Fife Council has a statutory duty to deliver Best Value. Public Performance Reporting (PPR) is an essential component of Best Value and has a strategic approach in the way it is reported to the public. In 2018 a Balanced Scorecard approach was adopted to report the Council's operational performance and latest Local Government Benchmarking Framework (LGBF) information. This information is used internally to ensure sound governance and management, and a variety of performance reports are available to the public via the council website <https://www.fife.gov.uk/kb/docs/articles/about-your-council2/council-performance>

Reporting of Financial Performance includes regular budget monitoring reports for both Revenue and Capital expenditure and provide a projection of the financial position of the Council for the year and the level of reserves held by the Council. These are presented at a high level to the Policy and Co-ordination Committee of the Council as well as more detailed financial performance reports being presented to the Sub-Committees and a similar approach will be taken for the new Committee structure. The following section provides commentary on the single entity that is Fife Council, details of Group information are provided on page 11.

General Fund

The budget for 2021-22 was approved by the Council on 11 March 2021. Against the backdrop of reducing resources over a number of years and increased pressures on expenditure, the Council continues to utilise its available resources and deliver services.

There is an underspend of £7.357m against budget within Service Expenditure, underspend of £1.795m on Loan charges and underspends on corporate budgets of £49.822m. This creates an overall underspend in the General Fund of £58.974m against budget. This equates to (6.36%) of Budget. The outturn position reflects another exceptional year and the level of uncertainty that existed throughout in relation to recovery, impact on finances and global economic crisis, as well as levels of additional funding received in advance of requirement to incur expenditure, with 25% of the additional funding being announced in the last quarter of the year.

Education and Children's Services reported an overall underspend of £7.555m. The contributing factors included Devolved School Management (DSM) with an underspend of £3.625m, with vacant teaching posts accounting for an underspend of £5.708m and an offsetting overspend of £1.960m on stationary, communications and computing equipment as staffing underspends have continued to supplement remote learning.

Non-DSM and Childcare reported an overspend of £2.145m. There has been an overspend of £3.152m on long term absence and maternity costs across schools. This has been offset by underspends within employee costs across Nursery of £0.489m due to the timing of recruiting Early Years Officers and the delay of the implementation of 1140 hours provision due to COVID-19.

Children and Families reported an underspend of £6.075m, of which £7.406m is due to a reduction in the number of purchased placements arising from the Belonging to Fife Strategy. These underspends are partly offset by overspends on Continuing Care of £1.039m, Family Placements such as kinship care and foster care of £1.576m, and Supported Lodgings of £0.388m.

Enterprise and Environment reported an underspend of £0.756m. Grounds maintenance was underspent by £1.243m caused by low response to successive seasonal labour recruitment. Sustainability was overspent by £0.716m due to an increase in the Landfill Aftercare provision of £0.447m due to increased inflation and increased tonnage costs of £0.249m. There was an underspend of £1.745m in Economy, Planning & Employability of which £0.872m was due to vacancies and £0.213m due to fewer events being held as a result of the pandemic. Additional planning fee income and building standards fee income was £0.566m.

Properties, Repairs and Maintenance was £1.462m underspent due to COVID-19 restrictions for most of the year.

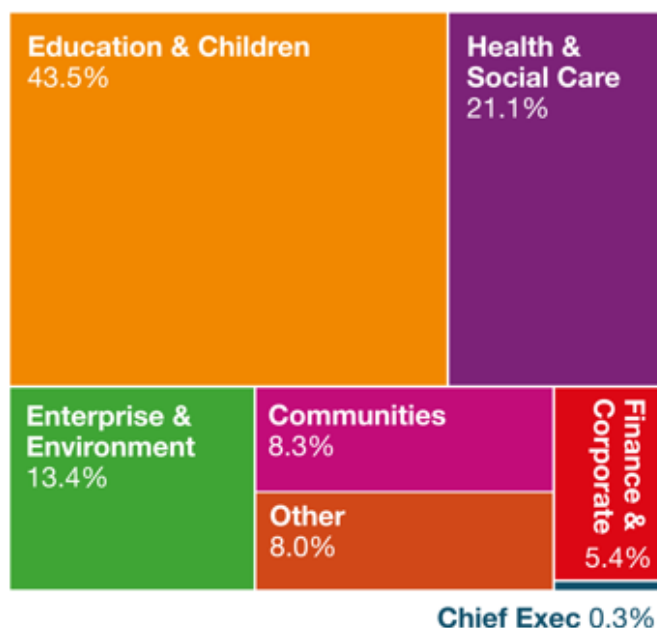
Car parking income was under-recovered by £0.726m due to the COVID-19 pandemic, the impact of the national lockdown and the resultant suspension of car parking charges. Winter maintenance was overspent by £0.736m and Building Services overspend was £1.293m as a result of a net under-recovery of income as productivity reduced due to impact of COVID-19 health and safety measures.

Communities reported an overspend of £1.977m. Trusts, Community Use and Halls and Centres were not able to fully operate, and demand has not yet fully recovered, which has impacted negatively on the level of income received.

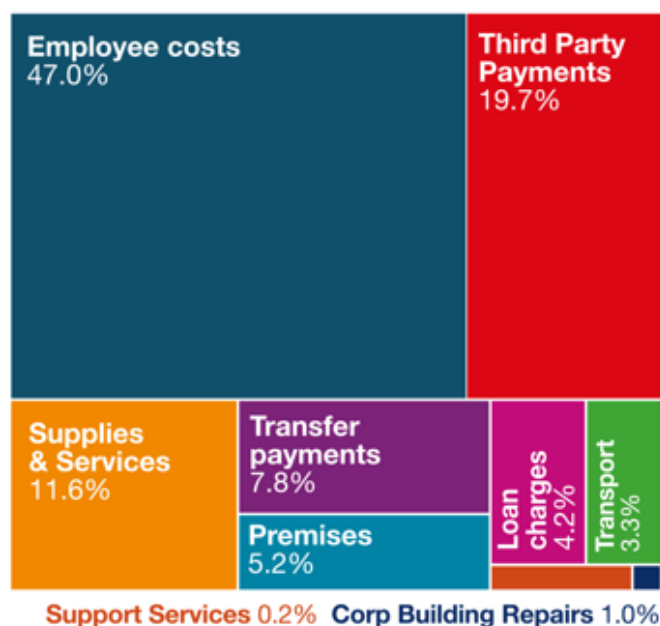
Corporate Budgets reported a total underspend of £49.822m, represented by £38.564m in Contingencies, £11.258m underspend on COVID-19 government funding. The variance in Contingencies represents earmarked grants and additional Scottish Government funding via redetermination of settlement, which although welcome, has not been fully used in 2021-22. The underspend on COVID-19 funding represents additional funding received but not required in 2021-22, this funding was of a general nature. **Loan Charges** also had an underspend of £1.795m as interest costs were less than expected due to reduced borrowing requirements.

Net revenue expenditure for 2021-22 was £868.905m (Net Service expenditure £799.006m and Loan Charges & CFCR £69.899m) and is categorised by Directorate below. Gross expenditure by Type is also shown below:

Expenditure by Directorate



Expenditure by Type



The revenue outturn position was reported to the Cabinet Committee on 25th August 2022, and a comparison to the primary statements of these accounts, is detailed in the table below: -

2021-22 Financial Year	General Fund Outturn				Annual Accounts			
	Outturn	Budget	Variance	Variance	General Fund	HRA	Transfers	Total
	£m	£m	£m	%	£m	£m	£m	£m
Education & Children	377.787	385.342	(7.555)	(1.96%)	377.787		56.653	434.440
Health & Social Care	183.745	183.745	0.000	0.00%	183.745		18.846	202.591
Enterprise & Environment	115.295	116.051	(0.756)	(0.65%)	115.295		55.748	171.043
Communities	71.881	69.904	1.977	2.83%	71.881	(26.246)	26.865	72.500
Finance & Corporate	47.315	48.330	(1.015)	(2.10%)	47.315		19.500	66.815
Chief Executive	0.261	0.293	(0.032)	(10.92%)	0.261		0.044	0.305
Corporate & Democratic	2.722	2.698	0.024	0.89%	2.722		(3.166)	(0.444)
Service expenditure	799.006	806.363	(7.357)	(0.91%)	799.006	(26.246)	174.490	947.250
Loan Charges & CFCR	69.899	71.694	(1.795)	(2.50%)	69.899	27.396	(97.295)	0.000
Contingencies	-	38.564	(38.564)	(100.00%)				0.000
Government Grant Income	(741.026)	(741.026)	0.000	0.00%	(741.026)			(741.026)
Council Tax Income	(172.593)	(172.593)	0.000	0.00%	(172.593)			(172.593)
COVID Funding		11.258	(11.258)	(100.00%)				
(Surplus)/Deficit year	(44.714)	14.260	(58.974)		(44.714)	1.150	77.195	33.631
Other Income & Expenditure							10.490	10.490
Budgeted Use of Balances	(14.260)	(14.260)	0.000					
Movement in Balances	(58.974)	(0.000)	(58.974)		(44.714)	1.150	87.685	44.121
Transfers to(from) Reserves								
- Unusable Reserves							(84.639)	(84.639)
- Useable Reserves	12.195				(2.065)	(0.150)	(3.046)	(5.261)
(Increase) / Decrease in Reserves	(46.779)				(46.779)	1.000	0.000	(45.779)

Note – The Transfers column represents adjustments between accounting basis and funding basis under regulations (detailed further in the Expenditure & Funding Analysis Statement on page 28).

Reserves

The General Fund balance increased during the year from £136.034m to £182.313m. This net movement of £46.779m which was a contribution to balances of £58.974m plus transfers from other statutory reserves of £2.065m less £14.260m of budgets transferred from balances brought forward and used in year, as shown on page 36.

For 2021-22 reserves of £14.260m were utilised to augment service budgets. These included honouring commitments in respect of funding COVID-19 costs (£8.403m) and funding agreed recovery investment (£3.400m) as well as contributions to balances for budgets that are being carried forward into 2022-23 including Temporary Investment and Local Area budgets. There was also a transfer into general reserves of £1.499m in 2021-22, which represents ring fenced capital receipts which have then subsequently been utilised as a funding stream for transformational projects.

The significant increase in balances reflects the exceptional year experiences with the disruption in Services, financial uncertainty and funding announcements coming late in the year. The movement in balances includes £49.822m which represents government funding received but not used in year. Owing to the timing of funding announcements and receipt of funds it is necessary for funding to be carried forward into 2022-23. In recognition that the future financial implications may also be significant, the additional funding received has been earmarked to fund the purpose for which it was provided including the continuing costs of the pandemic, in line with the updated financial plan in September 2021.

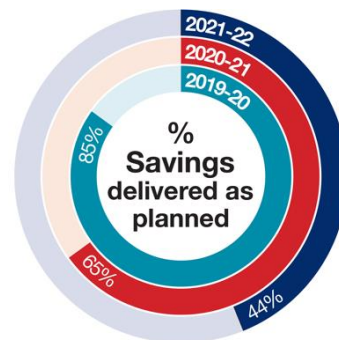
With all existing commitments taken into consideration the level of uncommitted balances is forecast to be £31.758m.

The Council is now faced with considering the likely financial implications of steeply rising inflation and considering likely financial scenarios for 2022-23 and beyond. This has implications for the increase in reserves which will no doubt be required to assist the Council in securing the financial stability over the medium term. It is apparent that the impact of the pandemic will be here for many years to come, and the Council will play a crucial role in economic recovery, addressing poverty, building back communities and at the same time will need to deal with the financial pressures directly linked to recovery and the challenging economic environment. Whilst the temporary increase in the level of reserves will assist in recovery, it will not be able to alleviate the pressures in the underlying core revenue budget, particularly with the current levels of steeply rising inflation.

The Council continues to consider financial risks on a regular basis, reviewing and updating the financial risk register.

Delivery of Savings

Overall, savings of £2.575m were planned to be delivered during 2021-22 of which £1.134m (44%) were delivered, predominately as a result of delays in implementation due to the Pandemic. Where there is a shortfall in savings achieved against target, services are required to identify and implement alternative savings to contain expenditure with budget.



Housing Revenue Account

There is a statutory requirement for Local Authorities to maintain a Housing Revenue Account (HRA) separate from the General Fund. The HRA must break even in its own right. All expenditure incurred, and income received in the provision of rented accommodation must be included in the HRA. The bulk of income to the HRA is derived from rents from tenants, and this must be sufficient to cover the expenditure on the HRA.

During 2021-22 the total income target of £128.086m was met. However, during the year the HRA utilised reserves of £1.000m and the HRA Fund balances therefore reduced from £8.005m to £7.005m. Throughout the year commitments were approved including funding for COVID-19 mitigation, Transitional Affordable Housing Programme and improving Estates Management. After taking these commitments into account the level of uncommitted HRA Fund balances is £3.005m. Details of the financial position for 2021-22 are included within these financial statements.

Capital Expenditure

The gross Capital Expenditure for 2021-22 was £163.805m, a variance of £27.972 (14.59%) against budget. Comparable expenditure for the previous 3 years was £138.473 (2020-21) £175.104m (2019-20) and £144.083m (2018-19). Expenditure variances exist within all Themes within the Capital Programme, the most significant was in Maintaining our Assets – Rolling Programme. The nature of capital expenditure being large, complex projects involving a number of stakeholders and dependencies can lead to expenditure differences within a particular year. However, the budget is not restricted to an annual profile.

Full detail of material capital expenditure variances was regularly reported to the P&C Committee and the relevant sub-committees. The major elements of expenditure are analysed as follows:

Project Spend 2021-22	£m
Scottish Housing Quality Standards	34.376
Affordable Housing Programme	28.388
Maintaining Our Assets - Rolling Programmes	32.662
Secondary Schools West Fife	20.102

Assets and Liabilities

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2022 and explanatory notes are provided. Net assets have increased by £363.723m to £2,147.465m as detailed in the following table;

	2021-22 £m	2020-21 £m	Movement £m
Long Term Assets	3,676.326	3,636.903	39.423
Current Assets	227.666	242.219	(14.553)
Current Liabilities	(230.569)	(313.209)	82.640
Long Term Liabilities			
-Defined Benefit Pension Liability	(531.427)	(819.646)	288.219
-Other Long Term Liabilities	(994.531)	(962.525)	(32.006)
Net Assets/(Liabilities)	2,147.465	1,783.742	363.723
Useable Reserves			
-General Fund	(182.813)	(136.034)	(46.779)
-Housing Revenue Account (HRA)	(7.005)	(8.005)	1.000
-Capital Grants & Receipts Unapplied	(5.745)	(10.290)	4.545
-Insurance Fund	(16.571)	(17.287)	0.716
Unusable Reserves			
-Defined Benefit Pension Liability	531.427	819.646	(288.219)
-Other Unusable Reserves	(2,466.758)	(2,431.772)	(34.986)
Total Reserves	(2,147.465)	(1,783.742)	(363.723)

Long term assets have increased in value as a result of the Council's investment in capital projects as well as revaluation increases as part of the rolling programme of revaluation of Property, Plant and Equipment.

Defined benefit pension liabilities are valued using an approach that is common across all entities by applying international accounting standards (IAS19), this involves the fund actuary updating the technical assumptions applied at the time of the triennial valuation to calculate the impact on future assets and liabilities and provide a point in time comparison across organisations. In doing so the Actuary has calculated that the Defined Benefit Pension Liability has decreased by £288.219m to £531.427m, which reflects current year charges against Useable Reserves (£100.945m) offset by changes in financial assumptions of £389.164m.

Treasury Management Activity

In July 2016, the Scottish Government issued Regulations which set out new statutory arrangements for local authority borrowing and lending. The Regulations state that any repayment of Loans Fund advances should be reasonably commensurate with the period and pattern of the benefits provided to the community from the capital expenditure. Councils were given scope to determine what is prudent for their organisations including consideration of reprofiling of previous years' advances.

The Council, in conjunction with our treasury advisors, Link Asset Services, undertook a review of its loan fund policy during 2019-20 which was amended in line with the Regulations. Separate Loan Fund advances policies are maintained for the Housing Revenue Account and for the General Fund.

- For the Housing Revenue Account, it is not considered prudent for the Council to reprofile previous years' advances which will continue to apply the existing annuity method. All future advances will be repaid using the Asset Life method, by which the loans fund advance is repaid in line with the expected life of the asset to which the capital expenditure relates to .
- For General Fund it is considered prudent to use the Asset Life method for both future years Loans Fund advances, and to reprofile previous years' advances. The Council has also opted to make use of the Funding/Income Profile method by which loans fund advances will be repaid by reference to an associated income stream where it is considered appropriate to do so.

The reprofiling of the previous year's General Fund loans fund advances reduced the charge to the revenue account in the short to medium-term by spreading the repayment of principal over a longer period, resulting in a saving in Loans Charges. As a direct result of the reduced principal repayment, the Capital Financing Requirement going forward will be higher and it will take longer to repay the total advances. This revised policy was implemented from 2019-20 onwards and subsequent budget savings were delivered in 2020-21.

The Council has a treasury management strategy which ensures that all decisions taken on treasury management give primary importance to minimising and managing potential risk. Detailed reports in relation to Capital investment and the Treasury Management strategy are considered by the Council's then Policy and Co-ordination Committee and can be found at [Treasury Management Strategy | Fife Council](#)

Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain "financial ratios" are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and the affordability of its ongoing commitments.

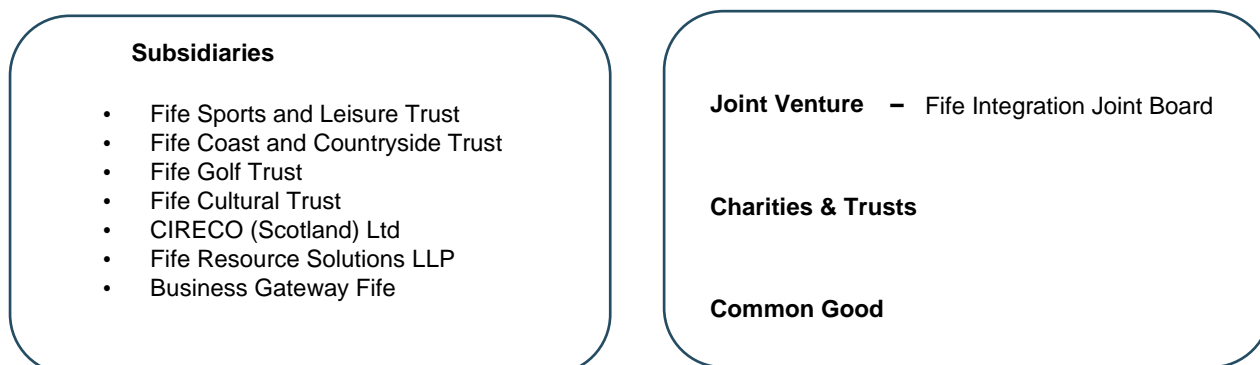
Financial Indicator	2021-22	2020-21	Commentary
Reserves			
Uncommitted General Fund reserve as a proportion of Annual Budgeted Net Expenditure	3.42%	5.18%	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's policy is to hold a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile.
Increase/(decrease) in the Uncommitted General Fund Balance	(£15.272m)	£15.238m	Reflects the extent to which the Council is using Uncommitted General Fund Reserves.
Council Tax			
In-year Collection Rate	95.31%	94.38%	Reflects the Council's effectiveness in collection Council Tax debt and financial management. This level is consistent with the last 3 financial years.
Ratio of Council Tax Income to Overall Level of Funding	18.60%	18.81%	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within the Local Authority Control. Fife Council, in common with all Scottish Local Authorities froze Council Tax at 2020-21 levels for 2021-22.
Financial Management			
Actual Outturn Compared to Budgeted Expenditure	(6.36%)	(7.92%)	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. The indicator is based on the format of budget monitoring as reported throughout the year.
Actual Contribution to/(from) Unallocated General Fund Balance compared to Budget	£58.974m	£71.878m	
Debt/Long-term Borrowing			
Capital Financing Requirement (CFR) for the Current Year	£1,133.121m	£1,118.253m	External debt levels remain lower than the CFR which reflects the borrowing requirements
External Debt Levels for the Current Year	£1,022.655m	£1,059.937m	
Ratio of Financing Costs to Net Revenue Stream			These two ratios complement the assurances of borrowing only being for capital purposes with an indication of the scale of financing costs compared with the level of funding available to the Council.
General Fund	6.39%	6.08%	
HRA	22.04%	21.98%	

Going Concern

The future financing of the Council and its Group's liabilities will be met by future grants and the application of future income. The approval of core income for 2022-23 has already been given and there is no reason to believe that future approvals will not be forthcoming. However, the recovery from the COVID-19 pandemic and subsequent national cost of living crisis are likely to have a continued impact on the financial position of the Council and its Group, both in terms of increased additional costs and loss of income. Continued financial evaluation of the Council and its subsidiaries is ongoing and a short-term financial strategy is being developed and funding streams including the potential use of balances continue to be identified. We have accordingly considered it appropriate to adopt a going concern basis for the preparation of these financial statements.

Fife Council Group Accounts

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council and its other entities. The Group comprises of the following:



By including the Subsidiary bodies, Common Good, Trusts and Fife Integration Joint Board, the effect on the Balance Sheet is a net increase in both Net Assets and Reserves of £56.086m (2020-21 £15.199m). This represents the Council's share of the net assets in these entities. The effect is an increase in Total Comprehensive Income & Expenditure surplus of £40.826m (2020-21, decrease in deficit of £5.402m).

The Council has continued to work closely with its subsidiaries as they recover from COVID-19 providing the necessary support and additional funding where appropriate to compensate for levels of income not yet returning to pre-pandemic levels.

The Health and Social Care Partnership managed by the Fife Integration Joint Board played a pivotal role in the response to COVID-19 incurring additional costs of £17.5m dealing with the effects. This expenditure has been funded by the Scottish Government through the Local Mobilisation Plan.

Business Gateway Fife played a critical role in assisting the Council in making grant payments to support businesses across Fife.

The Fife Integration Joint Board and all Subsidiaries of Fife Council have an accounting period to 31 March and for the purposes of consolidation and disclosure their Draft Accounts to 31 March 2022 have been used.

The table below shows the figures included in the annual accounts from Group bodies which includes the impacts of Defined Pension Liabilities.

Subsidiaries and Council's share of Joint Venture (IJB)	Operating (Surplus) / Deficit to 31 March 2022 £m	Net Assets / (Liabilities) at 31 March 2022 £m
Fife Sports and Leisure Trust	(4.561)	(3.683)
Fife Coast and Countryside Trust	(0.163)	0.958
Fife Golf Trust	(0.791)	0.200
Fife Cultural Trust	(5.450)	6.786
CIRECO (Scotland) Ltd	0.000	0.000
Fife Resource Solutions	(3.902)	(3.607)
Business Gateway Fife	(0.010)	0.546
Fife Integration Joint Board	(25.034)	39.856
Charities & Trusts	(0.014)	4.694
Common Good	(0.901)	10.336
Total	(40.826)	56.086

5. Principal Risks and Uncertainties - Our Plans for the Future

Prior to the COVID-19 outbreak the Council faced a number of challenges in respect of reducing resources over a number of years, increased demand and inflationary pressures. In recognition of the scale of the challenge, the Council implemented a Medium-Term Financial Strategy and a financial Risk Register as a framework to manage and support budget decisions. At that time Directorates worked with three-year change plans and a corporate change programme designed to ensure the Council becomes more commercial, works smarter, manages demand and reshapes service delivery.

Following another challenging year as the Council worked towards recovery from the pandemic as well as, adapting to and dealing with exceptional circumstances both in terms of service delivery and financial consequences, the Council set a core balanced budget for 2022-23. However, the current global economic crisis means there is likely to be heightened financial pressures beyond anything seen in recent decades and these will need addressed both in the immediate term i.e. inflationary pressures associated with additional energy costs, construction inflation and pay costs and the longer term i.e. demographic growth and uncertainty around funding levels. To quantify the likely costs of inflation, details of energy contracts and price increase have been reviewed and modelled. This coupled with close monitoring of capital projects costs, review of sector price increases and market intelligence allows indicative estimates to be made of the likely impacts both in the short term and impact on the base budget.

Over the last two financial years the financial consequences of COVID-19 have been significant for both expenditure and income. Uncertainty around the longer-term impacts of recovery and inflationary pressures is set to continue into the coming financial years.

The current global economic uncertainty continues to present a significant risk to the financial sustainability of the Council and continual close monitoring will be carried out, with reports to Cabinet Committee on a routine basis combined with continued robust internal governance and strong financial management.

In preparation for dealing with the medium term and likely budget gaps the Council is assessing a range of future scenarios and developing two concurrent processes. Firstly, a short-term process looking at expenditure trends and any changes to expenditure patterns in order to identify areas where budget may be reduced more easily. And the second parallel process will begin to look at a wider programme of change and explore lines of enquiry with a view to assessing wider opportunities where more fundamental change might be planned. A scoping exercise is currently being carried out to assess the possible scale that might be achieved.

The Council will also need to consider other pressures the Council is facing, for example achieving savings, inflationary pressures and strategic growth, all areas will likely have a detrimental impact on the core budget of the Council. The core budget is where the main concern and risk exists going forward. The level of reserves that the Council holds provides a means to address financial pressures on a one-off basis but there is a danger of over reliance being placed on using these for recurring expenditure, so exit strategies will need to be agreed at the outset for this type of commitment. It is apparent that there will be significant pressures on national budgets and commitments have already been made to invest heavily in other areas of the public sector such as the NHS. This carries the risk of significant reductions to unprotected budgets as across local government.

As we move through each of the phases of recovery from the pandemic, Directorates will need to consider all options to reconfigure services and potentially use alternative operating models to provide services in a different, more cost-effective way to ensure best value to the Council.

The Council is committed to working with partners and to build on the positive partnership working experienced during the pandemic. Fife's recovery depends on the ability of partners to work together and focus on key priorities. With this in mind the Plan for Fife is being reviewed with a focus on a smaller number of priorities essential to recovery.

6. Acknowledgements

Thanks to all elected members and officers of the Council for their active support and co-operation in the effective management of the Council's finances during what has been another considerably challenging year.

The production of these statements is very much a team effort and once again the accounts were completed by the statutory 30 June deadline. We would like to thank all employees who were involved in the preparation of the accounts, both within Finance & Corporate Services and other Directorates, for their effort in achieving this deadline, this is of particular significance this year given the challenges faced by all officers who successfully completed the relevant year end entries, processes and consolidation of these accounts whilst continuing to work from home.

Councillor David Ross
Leader of Council

Steve Grimmond
Chief Executive

Eileen Rowand MBA CPFA
Executive Director Finance
and Corporate Services

1.0 Scope of Responsibility

- 1.1 Fife Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. Fife Council also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Fife Council's affairs and facilitating the effective exercise of its functions which includes the management of risk.
- 1.2 In discharging this overall responsibility, Fife Council approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives and Senior Managers) Framework "Delivering Good Governance in Local Government". The Code of Corporate Governance has been developed based on the guidance developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE) entitled 'Delivery of Good Governance in Local Government Framework' (2016 Edition). The framework comprises of 40 statements that are considered by designated Lead officers, Directorates and other significant group entities. The approach is intended to consider the views of Directorates along with a more corporate assessment of the way in which the Council's governance arrangements are operating. The corporate assessment has been enhanced this year through the use of a working group in order to gain a wider perspective. A copy of the Code can be obtained from Eileen Rowand, Executive Director, Finance and Corporate Services or is available at: <https://www.fife.gov.uk/kb/docs/articles/about-your-council2/politicians-and-committees/committees/governance-documentation> This statement explains how Fife Council has complied with the Code.
- 1.3 Fife Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically, it has developed and adopted a risk management strategy for the Council.
- 1.4 A lead officer (Executive Director, Finance and Corporate Services) has been appointed to:
 - oversee the implementation and to monitor the operation of the Code of Corporate Governance; and
 - review the operation of the Code in practice.
- 1.5 In addition, the lead officer, chairs the Corporate Governance Group which has responsibility to input to and review the Statements before it is presented to and approved by the Standards, Audit and Risk Committee. The statement is subject to External Audit who are responsible for auditing the content against the Code of Corporate Governance and the extent of compliance with it.
- 1.6 However, it should be noted that a sound system of Corporate Governance and internal control provides only reasonable, but not absolute, assurance that the Council will not be hindered in achieving its objectives or in the orderly and legitimate conduct of its business by circumstances which may reasonably be foreseen. A system of Corporate Governance and internal control cannot provide protection with certainty against an organisation failing to meet its objectives or material errors, losses, fraud, or breaches of laws or regulations.
- 1.7 This statement also covers the organisations included in the Council's Group Accounts.

2.0 Purpose of the Governance Framework

- 2.1 The governance framework comprises the structure, systems and processes, and culture and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 Key elements of good corporate governance include honesty; trust and integrity; openness; performance focus; responsibility and accountability; management of risk; mutual respect; and commitment to the organisation. To that end, the system of corporate governance and internal control in Fife Council is based on a framework that includes:

Governance

- Codes of Conduct for councillors and employees
- Member/Officer Protocol and associated guidance notes
- Training and development arrangements for councillors and employees

- List of Committee Powers and List of Officer Powers
- Statutory Officers
- Standing Orders
- A Standards and Audit Committee, and Scrutiny Committees held in public / live streamed
- Corporate Governance Groups

Planning

- Plan for Fife
- Local Community Plans
- Service Change Planning
- Council Executive Team, Directorate Leadership Teams, Council Leadership Team
- Digital Strategy
- HR Plans and Policies and strong Organisational Development Framework
- Procurement Strategy
- As appropriate, formal programme and project management disciplines

Performance

- Performance management framework - including Public Reporting requirements from Best Value
- Regular planning and performance reports – for management and committee scrutiny
- Setting and monitoring targets for financial and other performance aspects

Financial Governance

- Financial Regulations
- Medium Term Financial Strategy
- Comprehensive financial management systems
- Periodic and annual committee reports which indicate forecast financial performance against budget, covering both Capital and Revenue expenditure
- Clearly defined capital and revenue expenditure guidelines
- The role of the Investment Strategy Group, including setting Capital Strategy, developing 10-year investment plans and monitoring high-level capital delivery performance

Risk Management

- Risk Management Policy and Strategy (reviewed March 2022)
- Strategic and Service-level Risk Registers
- Risk Management Strategy Group, chaired by the Executive Director, Finance and Corporate Services as Senior Responsible Officer for risk

- 2.3 Audit and Risk Management Services provides the internal audit function for Fife Council and operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which apply to Local Government. Conformance with the PSIAS has been confirmed independently, through the completion of a formal External Quality Assurance process. The Service undertakes a risk-based annual programme of audit work approved by the Standards and Audit Committee. A review of the effectiveness of the Standards & Audit Committee is undertaken annually and the Service Manager, Audit and Risk Management Services also provides an annual report to the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services, including the internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. The overall audit opinion for the year to 31 March 2022 is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 2.4 All internal audit reports are issued to the appropriate Executive Director and Head of Service and to all members of the Standards and Audit Committee, the Executive Director - Finance and Corporate Services, other relevant Executive Directors and Heads of Service and the External Auditor. Where necessary, the Standards and Audit Committee can seek further reports from the appropriate Executive Director or Head of Service.
- 2.5 The Council is determined to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a strategy, and supporting policies and procedures, for the prevention and detection of fraud and corruption (including participation in the National Fraud Initiative, a biennial data matching exercise co-ordinated at a national level by the Cabinet Office) which will provide a framework for:
- encouraging fraud deterrence and prevention
 - raising awareness of fraud and corruption and promoting their detection
 - performing investigations and facilitating recovery
 - invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
 - monitoring, publicising and updating the policy and its related procedures and performance
 - appropriate action consistent with the Serious Organised Crime Taskforce objectives

3.0 Review of Effectiveness

- 3.1 Fife Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review of effectiveness is informed by:
- the work of the executive directors and managers within the authority who have responsibility for the development and maintenance of the governance environment which they report on through their annual assurance statements; a separate Trust Assurance Framework has been in place since 2012-13;
 - the Service Manager, Audit & Risk Management Services' annual assurance statement. In this regard, the most recent assurance statement concludes that a medium/high level of control exists, and that reasonable assurance can be placed on the adequacy and effectiveness of the Council's system of Corporate Governance and internal control system in the year to 31 March 2021. This is the same level of control rating as in the 2020-21 statement;
 - comments made by the external auditors and other review agencies and inspectorates;
 - feedback from elected members and committees carrying out their scrutiny role;
 - issues considered by the Standards & Audit Committee; and
 - the review of various forms of customer and stakeholder feedback.
- 3.2 The current approach to the Council's Local Code of Corporate Governance was agreed by the Standards and Audit Committee in 2019. A key factor in developing the new process was to avoid a box-ticking exercise and to encourage a more rounded, qualitative approach. In addition to simplifying the previous assurance process by reducing the number of statements to be completed annually by Directorates from 118 to 40 some of the statements were assigned to designated Lead Officers in order to provide a more corporate assessment of the way in which the Council's governance arrangements are operating. Once completed the returns were analysed to identify areas of good practice; areas for improvement/future actions etc. Key governance issues have then been captured into this statement. An officer working group was established within 2021 in order to review corporate governance arrangements on an ongoing basis. This group has representation from all directorates and considers ongoing and new improvement actions that are required in order to enhance governance arrangements.
- 3.3 An updated Plan for Fife was presented to the Fife Partnership Board in August 2021 and Fife Council in September 2021. The plan updated the 2017 version which included ten-year ambitions and priorities, along with a number of short-term actions. Elected members were closely involved in taking forward work on five cross-cutting reform and recovery priorities from October 2020 to March 2021 through elected member working groups of relevant Council sub-committees. These reform and recovery priorities provided the basis for the work on the three-year update of the Plan for Fife, which also serves as Fife's renewal plan following the Covid-19 pandemic.
- 3.4 Four priority themes of Opportunities for All; Thriving Places; Community-Led Services; and Inclusive Growth and Jobs have been translated into thirteen "ambitions", with addressing the climate emergency added. Four Strategic boards have been created – Leading Economic Recovery, Tackling Poverty and Preventing Crisis, Addressing Climate Emergency and Community Wealth Building in order to focus on prevention and early intervention and on reducing inequality. Each of the community planning partners in Fife has committed to these and will be responsible for planning, scrutinising, and reporting on performance and delivery to the partnership, the public and other key stakeholders. Local priorities and accountability are an essential part of this, and local community plans and neighbourhood plans will be developed in order to improve outcomes for those with the greatest needs
- 3.5 Appropriate monitoring and reporting will help the Council to track progress towards the delivery of desired outcomes and assist strategic committees, area committees and Fife Partnership in scrutinising performance. Service performance reporting continued in 2021-22 financial year. Going forward, these reports will contain high level indicators relating to the work of the newly formed committees. Major change projects have governance boards established which meet regularly to monitor and track progress and risks.
- 3.6 The Council also has in place the components for the effective management of its resources. These include a Medium-Term Financial Strategy, a Capital Strategy, a Procurement Strategy, a Risk Management Strategy, a Workforce Strategy which sets out the vision for the workforce for the period 2022-25 (Our People Matter), and a refreshed approach to workforce planning, which is designed to be more agile and responsive and will relate to and assist the current service planning approach (Our People Plan). There are also HR Policies. A Digital Strategy and IT investment plan have been developed and delivery of these is monitored through the Council's Reform and Recovery Board. In addition, Services have maintained and updated Directorate Business Continuity Plans, and these inform the ICT Systems Recovery Plans which are documented and subject to regular testing and updating.
- 3.7 The Council's resilience plans, and risk management processes were significantly tested during the Covid-19 Pandemic and the Council continues to respond well to recovery from this emergency. Governance arrangements evolved allowing both virtual and, more recently, blended committees were piloted to allow decisions to be made in a more routine manner. Following a review, the previous changes to the Financial

regulations were extended to continue to allow spend to be incurred in advance of funding solutions being identified, debt recovery was relaxed, and additional support was provided to suppliers. This change in governance has now come to an end and the financial regulations have reverted back to their original requirements. Continued emphasis on financial planning throughout the year was highlighted in a number of reports considered by the Policy and Coordination Committee, this took account of the fluid nature of the significant financial consequences of the pandemic and also the changing landscape in relation to a high number of grant funding streams from the Scottish Government.

- 3.8 The Council implemented Oracle Cloud during 2020, and this was particularly challenging given it coincided with the need to respond to the Pandemic. The focus during 2021-22 has been to continue to address post implementation issues and ensure that the value of using an integrated system is maximised. Work during the year has focused on key areas such as security, reporting, forecasting, payroll and recruitment. Work carried out by our external auditors recognised some weaknesses in internal controls. These have been deemed to have a temporary impact on the level of internal controls. However, controls continue to be developed taking into account new processes associated with the change.
- 3.9 The Council implemented a replacement cash management system, Adelante Smartpay, near the end of 2021-22 with a go-live date of 24 February 2022. This was particularly challenging given the timing and that it coincided with the recovery from the pandemic and as a result, was implemented with support provided remotely rather than on site. The focus in 2021-22 was to achieve “go-live” and replace the system with a like for like product. The implementation included a new build of a bank reconciliation module but availability of the product for testing was delayed. The frequency of bank reconciliations was temporarily changed to monthly to create capacity for testing and implementation of the new system. Since implementation, challenges in producing a bank reconciliation were experienced, impacting on internal controls. However, reconciliations are being brought up to date.
- 3.10 We have been advised on the result of the review of the effectiveness of the governance framework by the processes and procedures outlined in Para. 3.1 above and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. We are also clear that the Council’s financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy’s Statement on the Role of the Chief Financial Officer in Local Government (2010).

4.0 Areas for Improvement and Development in Governance

- 4.1 The table below shows progress on significant governance issues during the year and actions planned for the coming year. Oversight is provided by a governance group, chaired by the Executive Director - Finance & Corporate Services. This group will review and monitor progress on a quarterly basis throughout the year to ensure appropriate actions are taken forward. An action plan, containing individual actions, along with responsible officers and implementation dates will assist with the monitoring process.

Members Involvement in Setting the Tone from the Top
<p>Issue: Members take a lead in developing the principles and values for the Council and ensure that these values are communicated and embedded in appropriate policies and processes.</p> <p>Progress made in 2021-22: The revised code of conduct for Councillors was published in December 2021. The Monitoring Officer led several training sessions for members summarising key changes to the Code. The sessions were well attended and afforded opportunity for questions and discussion. Members have also been kept up to date with updates from the Standards Commission through its regular bulletin which is circulated by Members Services and the annual report on standards was presented to the Standards and Audit Committee. There were two cases in this time period (one involving 3 councillors) where the Standards Commission, having received a report from the Ethical Standards Commissioner, decided to take no further action. A new process for registration of interests was also implemented so that members’ individual interests were displayed on the Fife Council individual web–page for each member in addition to the collective register for all Councillors.</p> <p>Action Planned within 2022-23: The local government election has resulted in the election of 33 new Councillors. There is an extensive programme of induction planned for new members and a further refresh for returning Councillors. The Standards Commission has produced a video for new councillors and the Monitoring Officer has prepared a similar one for returning members. The sessions which were delivered on the code focussed on clarifying areas of the code that required further discussion and the use of scenarios. This new approach will be assessed for effectiveness and then further engagement sessions planned. The Council will also be invited to agree Committee Powers which includes an articulation of the Council approving Fife Council values.</p>

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during 2021/22. However, further development is required during 2022-23.

Progress made in 2021-22:

The Risk Management Policy and Strategy, including roles and responsibilities and reporting arrangements, were reviewed and revised.

A Risk Management Strategy Group (RMSG) was established, with formal remit and meeting timetable agreed.

The Council's Strategic Risk Register was updated as planned, with risks re-defined to reflect the Plan for Life and control frameworks in place to mitigate those risks being assessed for their effectiveness.

The RMSG, which is chaired by the Executive Director - Finance and Corporate Services as Senior Responsible Officer for risk, is attended by senior officers representing every Council directorate and the Health and Social Care Partnership.

An action plan to drive improvements in risk management was also developed as planned.

Action Planned within 2022-23:

The action plan compiled during 2021-22 be further developed to drive forward continuous improvement in relation to risk management. Progress towards implementation of the actions contained within it will be actively monitored by the RMSG.

The RMSG will continue to meet in line with the agreed timetable and its formal remit will be reviewed again to ensure ongoing relevance.

Plans are already in place to formally define the Council's risk appetite, which, once approved will be incorporated into the risk management framework as appropriate.

The Council is actively recruiting a Risk Management Co-ordinator. Once appointed, the post-holder, will be part of Finance and Corporate Services but hold a key corporate support role within the organisation, helping to shape the development of corporate arrangements and working alongside services to support implementation.

Existing procedural documentation will be reviewed and revised to help support delivery of the revised Policy and Strategy.

The Council's Performance and Risk Management system, Pentana, will be enhanced in conjunction with the software supplier and system reports will be developed to meet the needs of key stakeholders.

Risk Management training will also be developed further during 2022-23.

Restructuring, Movement of Staff and Change to Processes

Issue: Restructuring and movement of staff had increased in previous years, however, during 2021-22, this was not a significant issue.

Progress made in 2021-22: This has become less of an issue over the year due to fewer restructures and management have continued to manage any change in processes.

Action Planned within 2022-23: As we emerge from the pandemic, work will continue to embed new ways of working, to create workforce stability and to embed associated processes.

Review of Governance and Decision Making

Issue: Governance structures need to enable transparent and appropriate decision making.

Progress made in 2021-22: Governance arrangements continued to be reviewed to ensure they were appropriate and supported decision making. There were pilots of blended committee meetings with some members attending the committee remotely and some from the room. This technology is now being rolled out. A survey of members was carried out on the suitability of the governance arrangements and this survey was also offered to officers. There was also a review of committee business by the committee services team.

Action Planned within 2022-23: Planning is underway for the new Council post the 2022 local government elections. Officers will provide advice to members about the governance structures that could be adopted to support decision making and the Council will decide on a new framework for governance. The current work piloting hybrid meetings will continue until there is a decision about the most appropriate way forward. It will be important to retain the ability to meet remotely for business continuity reasons. The Council's report template will be adjusted to include a revised risk assessment section and training sessions for officers will be delivered over recess.

Change Programmes

Issue: The Council needs to ensure that traction is made on the delivery of change.

Progress made in 2021-22: Change was progressed through the recovery and reform work initiated in 2020-21. The Plan for Fife was refreshed and builds on the recovery and reform work with the refreshed plan reported to P&C committee in June 2021. The committee agreed the draft three-year plan, proposed delivery and monitoring arrangements for the plan and noted the progress in delivering the short-term actions for reform and recovery agreed by Committee in March 2021.

Action Planned within 2022-23: Change continues to be progressed through the Plan for Fife. Service based change is being progressed to identify change activity that will feed into the 2023-24 budget process. Longer term change work is governed by the Reform and Recovery Board which meets regularly to consider updates and progress.

Health and Social Care Integration

Issue: The actions identified within the self-assessment on progress of integration and effective governance needs to be advanced as outlined above.

Progress made in 2021-22: In September, Council approved the revised Integration Scheme and this was provided to the Scottish Government for approval. Following some engagement, the Scheme was signed off and the minor changes reported back to the Council and Board for information.

Action Planned within 2022-23:

Development and implementation of approved Risk Strategy, risk appetite and robust Risk Management reporting. Regular risk reporting does occur. A session on risk appetite is planned for the coming year 2022-23.

Further refinement of the Board's skill matrix and Board self-assessment framework.

Formal adoption and implementation of self-assessment governance review to provide focus on key areas of development. Further work will be required to refine this now the review of the Integration Scheme is complete.

Further work continues in relation to the Ministerial Steering Group report.

Development of statutory guidance regarding set aside services in collaboration with NHS Fife.

Develop a Board Induction Programme in conjunction with NHS Education for Scotland (NES).

Elected Member Support and Development

Issue: Elected members need to be supported to undertake their role through a programme of induction, development and learning.

Progress made in 2021-22: A limited number of development sessions were held towards the end of year as members began to reach the end of the Council term. A members' survey was issued to capture views about the range and effectiveness of the programme of training that had been carried out and this was used to design the induction programme. A new webpage for Council inductions was created for the new cohort of elected members so that information was captured in a central place and in a digital format.

Action planned within 2022-23: A members development training strategy will be developed with the working group and overseen by cross-party leaders. This will cover induction as well as on-going training and development for individual members and groups.

Impact on Planning and Delivery of Services

Issue: Responding to the pandemic has impacted on the way we plan and deliver services.

Progress made in 2021-22: In June 2021, the Council approved the three-year update of the "Plan for Fife". It sets out the priorities the Fife Community Planning Partnership (which includes the Council) will collectively focus on to add most value for local communities. The Plan sets out ten-year ambitions, along with renewal and recovery priorities following the Covid-19 pandemic. The final updated Plan was published in August 2021. As the impact of the pandemic developed during 2021, planning shifted towards recovery and renewal with services transitioning out of lockdown phases, planning the restart of service delivery and return to physical buildings.

Actioned Planned within 2022-23: Planning work will continue throughout 2022-23 and will take cognisance of the potential changing levels relating to Covid. Workforce Planning was significantly impacted by the pandemic due to the need to divert resources. As a result of this, workforce planning will be prioritised over the next year with a refreshed model for workforce planning, with actions, being aligned with resourcing challenges.

Health and Safety

Issue: The need for a robust health and safety regime was tested throughout the Pandemic.

Progress made in 2021-22: Health, safety and wellbeing was significantly impacted by the pandemic and the need to divert resources.

Action Planned within 2022-23: The Corporate Health and Safety Group will look to continue to embed good practice, use evidence to assess risk and monitor, review and report on associated action plans.

Employee Wellbeing

Issue: Our employees worked in different ways during the Pandemic and different approaches were required to protect and ensure our employees wellbeing.

Progress made in 2021-22: A range of self-help tools and information was cascaded through different media. In-person Employee Assistance support and some training was re-profiled to continue on-line.

Actioned Planned within 2022-23: The Stress Overview Group will develop a comprehensive picture of the scale of issues. The Health Needs Assessment will provide benchmark data and a Wellbeing Pulse survey will be produced using this data.

5.0 Conclusions

- 5.1 We have revised our Corporate Governance Framework to ensure that it is fit for purpose.
- 5.2 The last year has been a challenging year for the Council and the focus has been to ensure that support is provided to communities, individuals and businesses during these difficult times whilst safeguarding the Council's financial sustainability and maintaining service delivery. We consider that the governance and internal control environment operating within 2021-22 to provide reasonable assurance and the actions identified in section 4 will address the governance issues that have been highlighted. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance and internal control arrangements.

Councillor David Ross
Leader of the Council

Steve Grimmond
Chief Executive

1. The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No 2011/64) amended the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) requires local authorities in Scotland to prepare a Remuneration Report as part of their annual accounts. All information disclosed in the Tables A to F contained within this Remuneration Report will be audited by Audit Scotland. The other sections of the Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Remuneration Arrangements

2. Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183), and The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2020 (SSI 2020/26). The Regulations provide for differing levels of remuneration for councillors depending on the positions they hold i.e. the Council Leader, the Civic Head (Provost), Senior Councillors or Councillors. The Council Leader and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is to be paid to the Council Leader is set out in the Regulations. For 2021-22 the maximum salary for the Fife Council Leader is £43,412. The Regulations permit the council to remunerate one Civic Head and set out the maximum salary for that position. Fife Council policy is to pay the Provost at 75% of the maximum salary for the Council Leader.

The Regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors 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 Council Leader. The total yearly amount payable by the Council for remuneration of its senior councillors shall not exceed £486,049. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors (up to a maximum of 19) and their salary within these maximum limits.

Table A details remuneration paid by the Council to its 18 senior councillors (totalling £418,090), to the Co-Leaders and to the Provost (at 75% of the permitted rate). The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of councillors who elect to become councillor members of the pension scheme. The Fife Council Scheme of Councillors' Remuneration and Expenses which encompasses the salaries of all elected members including the Council Leader/Co-Leaders, Provost and Senior Councillors was agreed at a meeting of the full Council on 15 May 2017 and last revised at a meeting of the full Council on the 26th September 2019.

In addition to the senior councillors of the Council, the Regulations also set out the remuneration payable to councillors with the responsibility of a Convenor or a Vice Convenor of a Joint Authority. The Regulations require the remuneration to be paid by the Council of which the Convenor or Vice Convenor is a member. The Council is also required to pay any pension contributions arising from the Convenor or Vice Convenor being a member of the Local Government Pension Scheme. The Council is reimbursed by the Joint Authority for any additional remuneration paid to the member from being a Convenor or Vice Convenor of a Joint Authority.

3. Senior Employees

A senior employee is defined as being any local authority employee who meets at least one of these criteria:-;

- has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- holds a post politically restricted by reason of section 2(1)(a),(b) or (c) of Local Government & Housing Act 1989
- has annual remuneration, including remuneration from a local authority subsidiary body, of £150,000 or more.

The salary of senior employees is set by reference to national arrangements. Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/151 sets the salary for the Chief Executive of Fife Council for the period 1 April 2021 to 31 March 2022.

Executive Director pay is based on a Fife Council review of senior manager salaries by Sir Neil McIntosh following his review of Chief Executives' salaries at national level on behalf of COSLA (the Convention of Scottish Local Authorities). The Fife Council review took market forces, salaries in comparable authorities and reductions in overall Chief Official numbers into consideration. Posts at Executive Director level are only agreed by Committee.

Heads of Service and Senior Manager salaries are determined using Fife Council role criteria. The salary for each role is fixed at a point on the national spinal column. Any new Chief Officer posts below Executive Director level are evaluated and assessed by the Head of HR, approved by the Chief Executive under delegated Officer Powers and reported to Committee through Directorate Performance Reports, previously reporting was through the Annual Workforce Report. Appointment to Chief Officer posts are subject to a recruitment process by the Council's Appointments Committee, unless there is a legal obligation to redeploy for redundancy or other statutory reason.

Remuneration policy of one of Fife Council's subsidiary bodies Business Gateway Fife is set by its own Board of Directors. Fife Council is represented on this board of five members by two officers. Fife Council has no direct influence on the determination of the remuneration policy. The other subsidiary bodies are encouraged to maintain grading links with Fife Council which evaluates posts for the Trust Boards when requested.

Details of senior employees for Fife Council and Subsidiary bodies are shown in Tables A & B.

4. Pensions Benefits

Pension benefits for employees and Councillors are provided through the Local Government Pension Scheme (LGPS). The LGPS is a funded scheme made up of contributions from employees and councillors and the employer. The LGPS in Scotland changed on 1 April 2015 from a final salary scheme to a career average revalued earnings (CARE) scheme. All members, both employee and Councillor members, now build up a pension based on 1/49th of pensionable pay received in each scheme year. The scheme year runs from 1 April to 31 March.

However, pension benefits built up before 1 April 2015 are protected for employee and Councillor members. This means that membership built up to 31 March 2015 by employee members will continue to be based on final salary when the member retires or leaves. Councillor benefits built up to 31 March 2015 will continue to be calculated using average pay over the whole period of scheme membership, including both pre and post 2015 membership. The councillor's pay for each year or part year ending 31 March (other than the pay in final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of revalued pay is then divided by period of membership to calculate career average pay for the pre 2015 benefits. The normal pension age of the new scheme is linked to State Pension Age but with a minimum age of 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between costs and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees. From 1 April 2015, part time members' contribution rates are now based on actual pensionable pay as opposed to whole time pay.

Actual Pay 2021-22	Contribution Rate 2021-22	Actual Pay 2020-21	Contribution Rate 2020-21
Up to and including £22,300	5.50%	Up to and including £22,200	5.50%
Above £22,301 and up to £27,300	7.25%	Above £22,201 and up to £27,100	7.25%
Above £27,301 and up to £37,400	8.50%	Above £27,101 and up to £37,200	8.50%
Above £37,401 and up to £49,900	9.50%	Above £37,201 and up to £49,600	9.50%
Above £49,901	12.00%	Above £49,601	12.00%

The calculation of pension benefits for employee and Councillor members is as follows:

- For membership from date of joining the pension scheme to 31 March 2009 the accrual rate is 80ths
- For membership from 1 April 2009 to 31 March 2015 the accrual rate is 60ths
- For membership under the new CARE scheme from 1 April 2015 to date of retirement the accrual rate is 49ths

A pension lump sum is only automatically paid for scheme membership between date of joining the scheme and 31 March 2009, with an accrual rate of 3/80ths. However, a member may opt to give up (commute) pension for lump sum in accordance with the limit set by the Finance Act 2004.

Value of accrued benefits is calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without adjustment for the effects of future inflation.

The pension figures shown in Tables A & B relate to the benefits that the person has accrued as a consequence of; for Councillors, their service as a councillor with Fife Council and any appropriate transfers into the scheme; for employees, their local government service, and not just their current appointment.

5. Trade Union Facility Time

The Council is required to publish details of Trade Union facility time, which is the provision of paid or unpaid time off from employees normal roles to undertake Trade Union duties and activities. Details are in Table C and also at: <https://www.fife.gov.uk/kb/docs/articles/jobs-and-training2/working-for-us/fair-work-first>

Table A- Fife Council

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits	Change from 31/03/21	
		2021-22	2020-21	2021-22	2020-21	at 31/03/22		
£	£	£	£	£	£	£		
Senior Councillors								
David Alexander	Co-Leader of Fife Council	32,593	31,285	7,985	7,665	Pension Lump Sum	3,000	1,000
David Ross	Co-Leader of Fife Council	32,593	31,285	-	-	Pension Lump Sum	-	-
Jim Leishman	Provost	32,593	31,285	7,985	7,665	Pension Lump Sum	7,000	1,000
Julie Ford	Depute Provost	23,751	22,798	5,819	5,585	Pension Lump Sum	3,000	1,000
Dave Dempsey	Leader of Opposition, Convener: Standards & Audit Committee and Convener: Superannuation and Pensions Sub-Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	8,000	1,000
Tim Brett	Convener: Scrutiny Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	2,000	-
Ken Caldwell	Convener: Levenmouth Area Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	2,000	-
Altany Craik	Convener: Economy, Tourism, Strategic Planning & Transportation Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	5,000	1,000
Neil Crooks	Convener: Kirkcaldy Area Committee & Planning Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	10,000	2,000
Linda Erskine	Convener: Cowdenbeath Area Committee & HR Spokesperson	23,751	22,798	5,819	5,585	Pension Lump Sum	9,000	1,000
Fiona Grant	Convener: Glenrothes Area Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	6,000	1,000
Judy Hamilton	Convener: Community & Housing Services Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	1,000	-
Helen Law	Convener: City of Dunfermline Area Committee	25,158	24,055	6,164	5,894	Pension Lump Sum	8,000	1,000
Rosemary Liewald	Chair - Joint Health & Social Care Partnership and Fife Corporate Parent Board (until November 2021)	13,827 (fy 23,751)	22,798	3,388	5,585	Pension Lump Sum	4,000	-
Carol Lindsay	Convener: Regulation & Licensing Committee and Fife Licensing Board	23,751	22,798	5,819	5,585	Pension Lump Sum	6,000	1,000
Donald Lothian	Convener: North East Fife Area Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	2,000	1,000

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits at 31/03/22		Change from 31/03/21
		2021-22 £	2020-21 £	2021-22 £	2020-21 £	£		£
Senior Councillors (Continued)								
Alice McGarry	Convener: South West Fife Area Committee & Planning Committee (West)	23,751	22,798	5,819	5,585	Pension Lump Sum	8,000 2,000	2,000 -
Tony Miklinski	Convener: Scrutiny Committee Education & Children's Services and Health & Social Care	23,751	22,798	-	-	Pension Lump Sum	- -	- -
David Barratt	Convener: Assets & Corporate Services Committee (from December 2020)	23,751	8,566 (fy 22,798)	5,819	2,108	Pension Lump Sum	2,000 -	1,000 -
Ross Vettraino	Convener: Environment, Protective Services & Community Safety Committee	23,751	22,798	-	-	Pension Lump Sum	- -	- -
Craig Walker	Convener: Education & Children's Services Committee	23,751	22,798	5,819	5,585	Pension Lump Sum	3,000 -	- -
	Total Senior Councillors	516,780	491,244	106,988	101,522	Pension Lump Sum	100,000 24,000	17,000 3,000
Senior Employees								
Steve Grimmond	Chief Executive (Note 3)	174,125	161,635	39,793	39,989	Pension Lump Sum	82,000 144,000	4,000 -
Keith Winter	Executive Director Enterprise & Environment	127,800	126,803	31,311	31,067	Pension Lump Sum	69,000 112,000	4,000 1,000
Carrie Lindsay	Executive Director Education & Children's Services	127,800	126,803	31,311	31,067	Pension Lump Sum	81,000 -	3,000 -
Eileen Rowand	Executive Director Finance & Corporate Services	127,800	126,803	31,311	31,067	Pension Lump Sum	54,000 69,000	3,000 1,000
Michael Enston	Executive Director Communities	127,800	126,803	31,311	31,067	Pension Lump Sum	71,000 118,000	4,000 1,000
Kathryn Henwood	Head of Children & Families & Criminal Justice (Chief Social Work Officer)	100,825	99,799	24,702	24,451	Pension Lump Sum	44,000 9,000	2,000 -
	Total Senior Employees	786,150	768,646	189,739	188,708	Pension Lump Sum	401,000 452,000	20,000 3,000

Note 1 - Full year equivalent (fy) salaries are shown in brackets for those senior councillors and employees who have started, or who have left in the year.

Note 2 - The accrued pension benefits for senior councillors and employees who have left during the year have been shown as the benefits accrued at the time of leaving.

Note 3 - The remuneration for the Chief Executive includes payments made in respect of his role as Returning Officer in 2021-22 of £11,493 (2020-21 £0)

Table B- Joint Initiatives and Subsidiary Bodies - Senior Employees

Senior Employees	Responsibility	Organisation	Remuneration (Note 1)		Pension Benefits (Note 2)				
			Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits at 31/03/22		Change from 31/03/21
			2021-22 £	2020-21 £	2021-22 £	2020-21 £	£		£
Joint Initiative									
Nicky Connor	Director-Health & Social Care	Health & Social Care Partnership (Note 3)	88,897	84,831	18,580	17,625	Pension Lump Sum	4,000 -	1,000 -
	Total Joint Initiative		88,897	84,831	18,580	17,625	Pension Lump Sum	4,000 -	1,000 -
Subsidiary Bodies									
Heather Stuart	Chief Executive	Fife Cultural Trust	102,726	101,165	23,113	22,762	Pension Lump Sum	19,000 -	2,000 -
Emma Walker	Chief Executive	Fife Sport & Leisure Trust	95,014	70,256 (fy 93,675)	17,578	12,997	Pension Lump Sum	4,000 -	2,000 -
Alistair MacGregor	Golf Services Manager	Fife Golf Trust	68,027	66,815	14,353	14,098	Pension Lump Sum	31,000 43,000	2,000 1,000
Jeremy Harris	Chief Executive	Fife Coast & Countryside Trust	68,268	64,225	14,781	13,973	Pension Lump Sum	4,000 -	2,000 -
Robin Baird	Chief Executive Officer	Fife Resource Solutions LLP & CIRECO (Scotland) LLP	93,980	85,114	20,957	18,980	Pension Lump Sum	27,000 19,000	4,000 1,000
Fraser McKee	Senior Growth Adviser	Business Gateway	42,429	40,905	-	-	see Note 4		
	Total Subsidiary Bodies		470,444	428,480	90,782	82,810	Pension Lump Sum	85,000 62,000	12,000 2,000

Note 1 - Full year equivalent (fy) salaries are shown in brackets for those employees who have started, or who have left senior positions in the year.

Note 2 - The accrued pension benefits for senior employees who have left during the year have been shown as the benefits accrued at the time of leaving.

Note 3 - The position of Director of Health & Social Care Joint Initiative is employed by the NHS.

Note 4 - Business Gateway Fife employees are members of a defined contribution pension scheme therefore disclosure of pension benefits accrued in year is not possible.

Table C - Trade Union Facility Time

2020-21			2021-22	
Non Education staff	Education staff		Non Education staff	Education staff
74	20	Number of employees who were relevant union officials in the year	58	18
69.7	18.4	Number of full time equivalent employees	51.6	15.2
		Number of employees analysed by % of time spent on facility time		
54	8	0%	34	6
13	8	1% - 50%	16	9
1	3	51% - 99%	2	2
6	1	100%	6	1
£0.334m	£0.315m	Total cost of Facility Time	£0.326m	£0.315m
0.1%	0.1%	% of Total pay bill spent on Facility Time	0.1%	0.1%
0%	0%	Time on paid Activities as % of total paid Facility Time	5%	5%

Table D - Members Expenses

Details of the salaries, allowances and expenses paid to all councillors (including senior councillors in Table A).

2020-21 £m	Type of Remuneration	2021-22 £m
1.464	Salaries	1.517
0.005	Travel and Subsistence	0.003
0.000	Training/ Conference and Meeting Expenses	0.003
0.018	Telephone and Information Technology Expenses met by Council	0.005
0.002	Cost of Provision of Council Cars met by Council	0.003
0.000	Other Expenses and Allowances	0.000
1.489	Total	1.531

The annual return of councillors' salaries and expenses for 2021-22 is available for any member of the public to view at all Fife Council libraries and public offices during normal working hours. It is also available on the Fife Council website at the following link; [Members Publishing 2021 22 1.xlsx \(live.com\)](#)

Table E - Fife Council Employees Analysis by Pay Band

The figures below are the total number of Council employees receiving more than £50,000 remuneration for the year (including any associated redundancy or early retirement payments).

2020-21	Remuneration Bands	2021-22	2020-21	Remuneration Bands	2021-22
301	£50,000 - £54,999	349	0	£115,000 - £119,999	0
208	£55,000 - £59,999	275	0	£120,000 - £124,999	0
105	£60,000 - £64,999	113	4	£125,000 - £129,999	4
68	£65,000 - £69,999	84	0	£130,000 - £134,999	0
11	£70,000 - £74,999	13	0	£135,000 - £139,999	0
17	£75,000 - £79,999	12	0	£140,000 - £144,999	0
6	£80,000 - £84,999	11	0	£145,000 - £149,999	0
5	£85,000 - £89,999	10	0	£150,000 - £154,999	0
5	£90,000 - £94,999	2	0	£155,000 - £159,999	0
16	£95,000 - £99,999	2	1	£160,000 - £164,999	0
1	£100,000 - £104,999	16	0	£165,000 - £169,999	0
0	£105,000 - £109,999	0	0	£170,000 - £174,999	1
1	£110,000 - £114,999	1	749	Total	893

Table F - Exit Packages

Termination benefits are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits, as agreed by the Council. Exit packages detailed below include redundancy payments, compensatory lump sums, pension strain and estimated capitalised compensatory added years' costs for Fife Council and its group. These estimated values are based on an assessment of the present value of all future payments to the retiree until death. Exit packages relating to ill health retirements are not classified as termination benefits therefore amounts paid to individuals on this basis are not included in the table.

Exit Package Cost Band £	No. of Compulsory Redundancies	No. of Other Agreed Departures	Total No. of Exit Packages	Cash Value £m	Estimated CAY £m	Total Exit Packages Cost
2021-22						
0 - 19,999	0	17	17	0.188	0.006	0.194
20,000 - 39,999	0	13	13	0.333	0.000	0.333
40,000 - 59,999	0	1	1	0.050	0.000	0.050
60,000 - 79,999	0	2	2	0.117	0.025	0.142
80,000 - 99,999	0	3	3	0.257	0.000	0.257
100,000 - 149,999	0	4	4	0.399	0.077	0.476
Over 150,000	0	8	8	1.248	0.412	1.660
Total	0	48	48	2.592	0.520	3.112
2020-21						
0 - 19,999	0	10	10	0.116	0.000	0.116
20,000 - 39,999	1	9	10	0.286	0.017	0.303
40,000 - 59,999	0	7	7	0.310	0.021	0.331
60,000 - 79,999	0	2	2	0.159	0.000	0.159
80,000 - 99,999	0	6	6	0.524	0.032	0.556
100,000 - 149,999	0	11	11	1.095	0.260	1.355
Over 150,000	0	12	12	1.570	0.809	2.379
Total	1	57	58	4.060	1.139	5.199

The total cost of exit packages £3.112m in the table for 2021-22 above includes £0.246m cash value and £0.104m estimated CAY for exit packages that have been agreed, accrued for and charged to Fife Council's Comprehensive Income and Expenditure Statement in the current year.

Of the 2021-22 total cost of £3.112m, £0.507m relates to statutory redundancy payments, £0.503m to compensation for loss of office, £1.582m for enhanced pension benefits and £0.520m for estimated CAY.

As a consequence of the delivery of the 2021-22 savings each directorate has incurred termination payments. The Directorate incurring the largest cost is Communities £2.022m.

Councillor David Ross
Leader of the Council

Steve Grimmond
Chief Executive

The Authority's Responsibilities

The Authority is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Authority, that officer is the Executive Director Finance and Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and provisions contained in the Coronavirus (Scotland) Act 2020), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

We confirm that these Annual Accounts were approved for signature by the Standards and Audit Committee at its meeting on 28th November 2022.

Signed on behalf of Fife Council

Councillor David Ross
Leader of the Council

The Executive Director Finance and Corporate Services Responsibilities

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

In preparing the Annual Accounts, the Executive Director Finance and Corporate Services has:-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation)

The Executive Director Finance and Corporate Services 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 31st March 2022.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

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

2020-21			Expenditure chargeable to General Fund and HRA	2021-22		
Expenditure chargeable to the Gen Fund & HRA £m	Adjusts between Funding & Accounting Basis £m	Net Expenditure in the CIES £m		Expenditure chargeable to the Gen Fund & HRA £m	Adjusts between Funding & Accounting Basis £m	Net Expenditure in the CIES £m
364.391	38.381	402.772	Education & Children	377.787	56.653	434.440
162.323	7.155	169.478	Health & Social Care	183.745	18.846	202.591
107.128	45.771	152.899	Enterprise & Environment	115.295	55.748	171.043
46.176	11.723	57.899	Finance & Corporate	47.315	19.500	66.815
0.257	0.015	0.272	Chief Executive	0.261	0.044	0.305
2.647	(3.356)	(0.709)	Corporate & Democratic	2.722	(3.166)	(0.444)
72.170	12.480	84.650	Communities	71.881	18.940	90.821
(31.736)	7.436	(24.300)	Housing Revenue Account	(26.246)	7.925	(18.321)
92.551	(92.551)	0.000	Loan Charges	97.295	(97.295)	0.000
815.907	27.054	842.961	Net Cost of Services	870.055	77.195	947.250
(906.862)	1.173	(905.689)	Other Income & Expenditure not charged to Net Cost of Services	(913.619)	10.490	(903.129)
(90.955)	28.227	(62.728)	Total	(43.564)	87.685	44.121

(48.449)	Opening General Fund & HRA Balance	(144.039)
(90.955)	(Surplus) / Deficit for the year	(43.564)
(4.635)	Transfers to / (from) Other Reserves	(2.215)
(144.039)	Closing General Fund & HRA Balance *	(189.818)

* For a split of Net Expenditure in CIES between General Fund & HRA see the Movement in Reserves Statement.

Adjustments between funding & accounting basis (above) is comprised of the following 3 items which are detailed by Council directorate in Note 8-Analysis of Income and Expenditure by Segment/Nature.

- **Adjustments for Capital Purposes** in Net Cost of Services reflect impairment & revaluation gains/losses and depreciation charged to CIES. Adjustments outwith Net Cost of Services include gains/losses on disposal of assets and capital grants receivable in the year.

- **Net change for Pension Adjustments** in Net Cost of Services are the removal of employer pension contributions made by the Council, replaced with current & past service costs calculated under IAS19. Adjustments outwith Net Cost of Service includes net interest on defined benefit liability under IAS19.

- **Other Adjustments** in Net Cost of Services include an accrual for costs of holiday entitlement earned by employees not taken before year end, and other transfers between services to recognise differences between the reporting structure of the Council and the accounting basis. Adjustments outwith Net Cost of Services include timing differences for premiums and discounts relating to Financial Instruments.

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 other reserves. The Total Comprehensive Income & Expenditure line shows the true economic cost of providing the Council's services, details of which are shown in the CIES. These are different from the amounts charged to General Fund Balance and Housing Revenue Account for council tax setting and dwellings rent setting purposes under accounting standards and statutory regulations. The Transfers (to)/from Other Statutory Reserves shows charges made to the CIES to be financed from a reserve. The Balances at 31 March are before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund £m	HRA £m	Insurance Fund £m	Capital Fund £m	Capital Grants and Receipts and Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Fife Council Reserves £m	Subsidiary Reserves & Share of Joint Venture £m	Total Group Reserves £m
Opening Balance 1 April 2020	(45.444)	(3.005)	(20.782)	0.000	(13.294)	(82.525)	(1,760.440)	(1,842.965)	(9.797)	(1,852.762)
Movement in Reserves during 2020-21										
Total Comprehensive Income & Expenditure	(38.546)	(24.182)	0.000	0.000	0.000	(62.728)	121.951	59.223	(5.402)	53.821
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(24.555)	(5.190)	0.000	0.000	0.000	(29.745)	29.745	0.000	0.000	0.000
- required by statutory regulations	(22.872)	24.390	0.000	0.000	1.864	3.382	(3.382)	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	(4.617)	(0.018)	3.495	0.000	1.140	0.000	0.000	0.000	0.000	0.000
(Increase)/Decrease in Year	(90.590)	(5.000)	3.495	0.000	3.004	(89.091)	148.314	59.223	(5.402)	53.821
Balance at 31 March 2021	(136.034)	(8.005)	(17.287)	0.000	(10.290)	(171.616)	(1,612.126)	(1,783.742)	(15.199)	(1,798.941)
Movement in Reserves during 2021-22										
Total Comprehensive Income & Expenditure	60.317	(16.196)	0.000	0.000	0.000	44.121	(407.905)	(363.784)	(40.826)	(404.610)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(26.198)	(5.025)	0.000	0.000	0.000	(31.223)	31.223	0.000	0.000	0.000
- required by statutory regulations	(78.833)	22.371	0.000	0.000	3.046	(53.416)	53.416	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	(2.065)	(0.150)	0.716	0.000	1.499	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.061	0.061	(0.061)	0.000
(Increase)/Decrease in Year	(46.779)	1.000	0.716	0.000	4.545	(40.518)	(323.205)	(363.723)	(40.887)	(404.610)
Balance at 31 March 2022 c/fwd	(182.813)	(7.005)	(16.571)	0.000	(5.745)	(212.134)	(1,935.331)	(2,147.465)	(56.086)	(2,203.551)

This statement shows the cost of providing services and managing the Council during the year and includes, on an accruals basis, all of the Council's day-to-day expenses and related income but excludes any amounts relating to VAT, as VAT collected is payable to HM Revenue & Customs and VAT paid is recoverable from them.

The statement shows the accounting cost in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover net expenditure in accordance with statutory regulations which may be different from the accounting cost and the taxation position is shown in the Movement in Reserves Statement.

2020-21					2021-22			
Fife Council			Group		Fife Council		Group	
Gross Expenditure	Gross Income	Net Expenditure	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£m	£m	£m	£m		£m	£m	£m	
470.928	(68.156)	402.772	402.772	Education & Children	507.396	(72.956)	434.440	434.440
437.566	(268.088)	169.478	169.478	Health & Social Care	485.959	(283.368)	202.591	202.591
185.992	(33.093)	152.899	153.702	Enterprise & Environment	207.144	(36.101)	171.043	172.292
152.224	(94.325)	57.899	57.899	Finance & Corporate	160.183	(93.368)	66.815	66.815
0.272	0.000	0.272	0.272	Chief Executive	0.305	0.000	0.305	0.305
(0.709)	0.000	(0.709)	(0.709)	Corporate & Democratic	(0.441)	(0.003)	(0.444)	(0.444)
103.212	(18.562)	84.650	85.312	Communities	111.131	(20.310)	90.821	95.520
101.428	(125.728)	(24.300)	(24.300)	Housing Revenue Account	109.944	(128.265)	(18.321)	(18.321)
1,450.913	(607.952)	842.961	844.426	Cost of Services	1,581.621	(634.371)	947.250	953.198
				Other Income & Expenditure				
		3.505	3.970	- Other Operating Expenditure			1.001	1.402
		55.513	39.466	- Financing & Investment			57.593	32.849
		(964.707)	(964.882)	- Taxation & Non-Specific Grant Income			(961.723)	(962.015)
		(62.728)	(77.020)	(Surplus)/Deficit on Provision of Services			44.121	25.434
				(Surplus)/Deficit on;				
		(90.432)	(90.461)	- revaluation of non-current assets			(18.346)	(18.747)
		3.217	3.217	- impairment of non-current assets			0.047	0.047
		0.111	0.111	- fair value of financial assets			(0.442)	(0.442)
		209.055	217.974	Remeasurement of net pensions liability			(389.164)	(410.902)
		121.951	130.841	Other Comprehensive Income & Expenditure			(407.905)	(430.044)
		59.223	53.821	Total Comprehensive Income & Expenditure			(363.784)	(404.610)

Material Items of Income and Expenditure

Fife Integration Joint Board (IJB) - Fife Council made contributions of £182.480m to the Integration Joint Board, £180.951m from Health & Social Care and £1.529m from Housing. Fife Council received amounts from the IJB totalling £246.606m. The Council's share of the IJB underspend has increased by £25.034m in 2021-22 and this is included in the Group Financing & Investment line above.

COVID-19 -The cost to Council Services in 2021-22 relating to the COVID-19 pandemic was £28.734m. This comprised of additional expenditure incurred of £17.720m and an estimated loss of income of £11.014m. In addition to this, the Council also incurred capital expenditure of £2.453m and agency expenditure on behalf of the Scottish Government of £55.852m. These costs have been funded by additional grant income from the Scottish Government and any unspent grant in 2021-22 has been carried forward as either Receipts in Advance or earmarked balances for spending in future years.

The Balance Sheet: shows the value of the assets and liabilities held by the Group which are matched by reserves (Usable and Unusable). Usable reserves are those the Group may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves cannot be used by the Group to provide services and include reserves that hold unrealised gains and losses which only become available to provide services if assets are sold, and reserves that hold timing differences detailed in the Movement in Reserves Statement line 'Adjustments between accounting basis & funding basis under regulations'.

31 March 2021 (Restated)				31 March 2022	
Fife Council £m	Group £m		Notes	Fife Council £m	Group £m
3,587.963	3,593.207	Property, Plant & Equipment	11	3,638.527	3,644.094
28.252	28.294	Heritage Assets	12	28.252	28.620
0.000	0.000	Intangible Assets	14	0.000	0.000
18.232	18.232	Long Term Debtors	21	6.853	6.853
2.456	9.709	Long Term Investments	21	2.694	10.649
0.000	14.822	Investment in Joint Venture	27	0.000	39.856
3,636.903	3,664.264	Long Term Assets		3,676.326	3,730.072
137.418	146.920	Cash and Cash Equivalents	Cash Flow	110.093	118.072
3.591	3.591	Assets held for sale	13	11.078	11.078
4.282	4.483	Inventories	18	4.384	4.474
96.928	98.610	Short Term Debtors	19	102.111	105.298
0.000	0.768	Short Term Investments	21	0.000	0.803
242.219	254.372	Current Assets		227.666	239.725
(15.279)	(15.279)	Short Term Receipts in Advance	10	(15.394)	(15.394)
(160.940)	(169.511)	Short Term Creditors	19	(147.641)	(156.503)
(0.478)	(0.478)	Short Term Provisions	20	(0.479)	(0.479)
(136.512)	(136.512)	Short Term Borrowing	21	(67.055)	(67.055)
(313.209)	(321.780)	Current Liabilities		(230.569)	(239.431)
(15.919)	(15.919)	Long Term Receipts in Advance	10	(15.112)	(15.112)
(13.897)	(13.897)	Long Term Provisions	20	(13.992)	(13.992)
0.000	(0.173)	Long Term Creditors	21	0.000	(0.065)
(850.848)	(850.848)	Long Term Borrowing	21	(889.197)	(889.197)
(81.861)	(81.861)	Other Long Term Liabilities	21	(76.230)	(76.230)
(819.646)	(835.217)	Defined Benefit Pension Liability	24	(531.427)	(532.219)
(1,782.171)	(1,797.915)	Long Term Liabilities		(1,525.958)	(1,526.815)
1,783.742	1,798.941	Net Assets/(Liabilities)		2,147.465	2,203.551
(171.616)	(199.842)	Usable Reserves	6	(212.134)	(266.005)
(1,612.126)	(1,599.099)	Unusable Reserves	7	(1,935.331)	(1,937.546)
(1,783.742)	(1,798.941)	Total Reserves		(2,147.465)	(2,203.551)

The unaudited accounts were issued on 30th June 2022. and the audited accounts were authorised for issue on 28th November 2022.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The statement: shows the changes in cash and cash equivalents by operating, investing and financing activities. Net cash flows from operating activities is a key indicator of the extent to which operations are funded by taxation, grants or charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

2020-21			2021-22	
Fife Council £m	Group £m		Fife Council £m	Group £m
62.728	77.020	Net surplus or (deficit) on the provision of services	(44.121)	(25.434)
103.372	103.892	Depreciation charges	106.553	107.112
14.478	14.508	Downward/(upward) revaluations & Impairments	12.650	12.643
0.030	0.030	Amortisation of intangibles	0.000	0.000
0.000	(1.343)	Movement in Fair Value of Investments	0.000	(0.109)
41.460	42.022	Increase/(decrease) in creditors	(10.805)	(9.829)
18.464	18.704	(Increase)/decrease in debtors	(3.801)	(6.098)
(0.912)	(0.929)	(Increase)/decrease in inventories	(0.102)	0.009
37.668	40.224	Movement in pension liability	100.945	107.904
0.776	0.776	Contributions to/(from) provisions	0.096	0.096
6.318	6.380	Carrying amount of assets sold	4.995	5.001
0.000	(15.152)	Other non-cash items	0.000	(25.069)
221.654	209.112	Adjustment for non cash movements	210.531	191.660
(57.845)	(58.020)	Capital Grants in surplus/(deficit) on provision of services	(48.104)	(48.397)
(2.813)	(2.841)	Proceeds from the sale of assets	(3.994)	(3.994)
(60.658)	(60.861)	Adjustment for investing & financing activities	(52.098)	(52.391)
223.724	225.271	Net cash flows from Operating Activities	114.312	113.835
(135.501)	(135.827)	Purchase of non-current assets	(166.440)	(167.184)
(0.004)	(0.004)	Purchase of investments	(0.010)	(0.665)
2.813	2.841	Proceeds from the sale of assets	3.994	3.994
61.282	61.456	Other receipts from investing activities	57.910	58.263
(71.410)	(71.534)	Net cash flows from Investing Activities	(104.546)	(105.592)
(76.251)	(76.251)	Cash receipts and repayments of short & long term borrowing	(30.870)	(30.870)
(6.124)	(6.124)	Cash payments reducing liabilities on finance leases & PPP	(6.412)	(6.412)
0.798	0.798	Other financing activities	0.191	0.191
(81.577)	(81.577)	Net cash flows from Financing Activities	(37.091)	(37.091)
70.737	72.160	Net increase or (decrease) in cash & cash equivalents	(27.325)	(28.848)
66.681	74.760	Cash & cash equivalents at beginning of reporting period	137.418	146.920
137.418	146.920	Cash & cash equivalents at end of reporting period	110.093	118.072
0.058	0.071	Cash in Hand	0.058	0.071
0.219	6.933	Bank	0.935	6.011
140.020	140.020	Short Term Investments	111.990	111.990
(2.879)	(0.104)	Advances from other accounts	(2.890)	0.000
137.418	146.920		110.093	118.072
		Net cash flows for Operating Activities include:-		
0.621	0.851	Interest received	0.089	0.404
(45.070)	(45.070)	Interest paid	(42.838)	(42.838)
(44.449)	(44.219)	Total	(42.749)	(42.434)

Movement in Liabilities held in the Balance Sheet recognised as Financing Activities (£m)

	2019-20	Cash	Non-Cash	2020-21	Cash	Non-Cash	2021-22
Long & Short Term Borrowing	(1,047.915)	76.251	0.000	(971.664)	30.870	0.000	(940.794)
PPP & Lease Liabilities	(94.397)	6.124	0.000	(88.273)	6.412	0.000	(81.861)
EIR Loan Liability	(5.176)	0.000	0.059	(5.117)	0.000	0.027	(5.090)

Notes to the Accounts

1. General Accounting Policies

General Principles

The Statement of Accounts summarises Fife Council and its Group transactions for the 2021-22 financial year and its position at the year-end of 31 March 2022. Fife Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 and the Service Reporting Code of Practice 2021-22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The group accounting policies are materially the same as those specified above.

Accruals of Income and Expenditure

The accounts and related statements have been compiled on an accruals basis for both revenue and capital accounts. The accruals basis requires that activity is accounted for in the year it takes place, not simply when cash payments are made or received. Accruals are made for all material debtors and creditors within the accounts. Accruals have been made for payroll costs where pay has been earned but not paid, for supplies and services where they have been received or consumed within the financial year, for interest due and payable on external borrowings and for customer and client receipts due in and receivable in the period to which they relate.

The main accruals and estimation techniques used are as follows:

- Payroll Costs: Estimate of salaries & wages based on number of days relating to the period up to 31 March
- Energy Costs: Information held by Energy Management Unit and Service records.
- Supplies & Services: Purchase ordering and goods receipting information held in the Council's financial systems.
- Interest: Based on the Council's Investment Team records of internal and external loans.
- Pension Liability: Estimate of future liability calculated by the Council's actuaries in accordance with IAS19.
- Holiday Pay: Based on a sample of employees holiday leave earned in 2021-22 but not taken by 31 March 2022.
- Termination Benefits: Accruals based on the estimated cost for those employees who returned written confirmation of their termination package by 31 March 2022.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement (MIRS). When expenditure to be financed from a reserve is incurred, it is charged to Surplus/Deficit on Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Fair Value

The Council values some of its non-financial assets and financial instruments at Fair Value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The levels of the fair value are:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability
- Level 3 - unobservable inputs

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and a Joint Venture and is therefore required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

2. Accounting Standards Issued, 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. Those to be introduced in the 2022-23 Code, are:

- IFRS16 Leases
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Annual Improvements to IFRS Standards 2018–2020 (no significant effect on financial statements expected).
IFRS1 (First-time adoption)–amendment for foreign operations of acquired subsidiaries transitioning to IFRS
IAS37 (Onerous contracts)–clarifies the intention of the standard
IFRS16 (Leases)–amendment removes a misleading example that is not referenced in the Code material
AS41 (Agriculture)–only expected to apply to local authorities in limited circumstances.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the financial statements. The most significant of these for the Council is;

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 & Equipment on the Council's Balance Sheet with further details are shown in a separate note to the accounts.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by 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 below:-

Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment The Net Book Value of assets subject to depreciation is £1,801,088m. They are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and carrying amount of assets fall. It is estimated that for every year that useful lives have to be reduced, the annual depreciation charge for buildings would increase by approximately £1.907m.
Pensions Liability The Council's net liability to pay pensions has been assessed at £531.427m. This estimation depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes to individual assumptions will have an effect on net pensions liability. e.g. a 0.1% decrease in the discount rate would increase liability by £68m, a 0.1% increase in Pension Increase rate (CPI) would increase liability by £60m and a 1 year increase in life expectancy assumptions would increase liability by 3% - 5%.
Fair value measurements When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets (Level 1), it is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets). Where possible, these techniques are based on observable data, but if not possible judgement is required in establishing fair values, typically including considerations such as uncertainty and risk. Where Level 1 inputs are unavailable, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.	Significant changes in any of the unobservable inputs would result in a significantly lower or higher value for the Council's assets which are measured at fair value.

5. Adjustments between Accounting Basis and Funding Basis under Accounting Standards and Statute

These are adjustments made to the comprehensive income & expenditure statement (CIES) recognised by the Council in accordance with proper accounting practice to the resources that are specified by accounting standards or statutory regulations as being available to the Council to meet future capital and revenue expenditure.

2020-21						2021-22						
Usable Reserves				Unusable Reserves	Total Reserves	Usable Reserves						
General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Unapplied			General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Unapplied	Unusable Reserves	Total Reserves	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
						Accounting Standards Adjustments						
						Adjustments for Capital Purposes						
(24.555)	(5.190)	0.000	0.000	29.745	0.000	Revaluation element of depreciation in CIES	(26.198)	(5.025)	0.000	0.000	31.223	0.000
						Statutory Adjustments						
						Adjustments for Capital Purposes						
(58.767)	(29.338)	0.000	0.000	88.105	0.000	Depreciation, Impairment & Revaluations	(58.961)	(29.019)	0.000	0.000	87.980	0.000
(0.030)	0.000	0.000	0.000	0.030	0.000	Amortisation of intangible assets	0.000	0.000	0.000	0.000	0.000	0.000
43.530	14.315	0.000	3.164	(61.009)	0.000	Capital grants & contributions	37.192	10.912	0.000	4.416	(52.520)	0.000
(2.407)	(1.098)	(2.813)	0.000	6.318	0.000	Gains/(Losses) on disposal of assets	(1.146)	0.145	(3.994)	0.000	4.995	0.000
0.000	0.000	1.488	0.000	(1.488)	0.000	Capital Fund applied to capital investment	0.000	0.000	2.471	0.000	(2.471)	0.000
0.000	0.000	0.025	0.000	(0.025)	0.000	Capital Fund applied to HRA debt repayment	0.000	0.000	0.153	0.000	(0.153)	0.000
0.000	0.000	1.300	(1.300)	0.000	0.000	Capital Fund applied to transformation projects	0.000	0.000	1.370	(1.370)	0.000	0.000
24.248	13.079	0.000	0.000	(37.327)	0.000	Statutory provision-financing capital investment	28.655	14.096	0.000	0.000	(42.751)	0.000
10.495	28.110	0.000	0.000	(38.605)	0.000	Capital expenditure charged to revenue	11.571	29.142	0.000	0.000	(40.713)	0.000
						Pensions Adjustments						
(36.218)	(1.450)	0.000	0.000	37.668	0.000	Difference in pension costs charged to CIES from those chargeable under regulations	(97.116)	(3.829)	0.000	0.000	100.945	0.000
						Financial Instruments Adjustments						
1.689	0.971	0.000	0.000	(2.660)	0.000	Difference in finance costs charged to CIES from those chargeable under regulations	1.629	0.966	0.000	0.000	(2.595)	0.000
						Employee Statutory Adjustments						
(5.412)	(0.199)	0.000	0.000	5.611	0.000	Difference in officer remuneration charged to CIES from those chargeable under regulations	(0.657)	(0.042)	0.000	0.000	0.699	0.000
(47.427)	19.200	0.000	1.864	26.363	0.000	Total Adjustments	(105.031)	17.346	0.000	3.046	84.639	0.000

6. Usable Reserves and Earmarked Balances

2020-21 £m	Useable Reserves	2021-22 £m
(136.034)	General Fund	(182.813)
(8.005)	Housing Revenue Account (HRA)	(7.005)
(17.287)	Insurance Fund	(16.571)
0.000	Capital Fund	0.000
(10.290)	Capital Grants and Receipts Unapplied Account	(5.745)
(171.616)	Total Useable Reserves	(212.134)

Movements in usable reserves are outlined in the Movement in Reserves Statement (MIRS) which also shows movements in amounts set aside from General Fund balances in statutory reserves for the following purposes:-

- Insurance Fund

The Council purchases insurance cover and manages risk through its Insurance Fund with the exception of theft, malicious damage and accidental damage which are charged to the cost of services in the year they arise.

- Capital Fund

Capital receipts are transferred to this fund which is used to finance capital expenditure, set aside to repay HRA debt, or transferred to the Capital Grants & Receipts Unapplied account to fund Transformation Projects.

- Capital Grants and Receipts Unapplied Account

This account holds capital grants and receipts credited to Surplus / Deficit on Provision of Services but not yet applied to fund expenditure. When applied these are transferred in MIRS either to Capital Adjustment Account (when used to fund capital expenditure) or General Fund balances (when used to fund Transformation Projects).

Legislation in Scotland does not allow for creation of separate non-statutory earmarked reserves, however the Council has areas where funds are earmarked or committed but remain part of Useable Reserves. The table shows net transfers between Committed balances and Service budgets, either to increase Committed balances or to augment Service expenditure in the year, and also balances decommitted or transferred from other reserves.

2021-22	Balance 1 April 2021 £m	Net Transfers to / (from) Services £m	Decommitted Balances & Other Transfers £m	Movement in Reserves (MIRS) £m	Balance 31 March 2022 £m
General Fund					
<u>Earmarked and Committed Balances:</u>					
Energy Management Fund	(0.871)	(0.591)	-	-	(1.462)
Council Tax - Second Homes	(6.918)	(1.413)	-	-	(8.331)
Earmarked Grants	(2.911)	(1.397)	-	-	(4.308)
Grants Received & Carried Forward	(15.838)	1.500	(17.472)	-	(31.810)
Change Fund	(0.290)	0.265	(9.975)	-	(10.000)
Demographics/Pay/Pensions	-	-	(18.000)	-	(18.000)
Workforce Change	-	-	(6.000)	-	(6.000)
Service Carry Forwards	(1.902)	1.902	(3.625)	-	(3.625)
COVID-19 and other specific funding	(58.475)	11.803	(18.321)	-	(64.993)
Other Commitments	(1.800)	2.191	(2.918)	-	(2.527)
Total Commitments	(89.005)	14.260	(76.311)	0.000	(151.056)
Uncommitted Balances	(47.029)	(14.260)	76.311	(46.779)	(31.757)
	(136.034)	0.000	0.000	(46.779)	(182.813)
Insurance Fund					
Insurance Fund - Earmarked	(12.099)	-	1.562	-	(10.537)
Insurance Fund	(5.188)	-	(1.562)	0.716	(6.034)
	(17.287)	0.000	0.000	0.716	(16.571)
Capital Grants & Receipts Unapplied					
Transformation Projects	(3.863)	-	0.129	-	(3.734)
Capital Grants and Receipts	(6.427)	-	(0.129)	4.545	(2.011)
	(10.290)	0.000	0.000	4.545	(5.745)

Explanatory Note

General Fund Balance

The General Fund Services balance increased by £46.779m in 2021-22, leaving a balance at the end of the year of £182.813m. Once the commitments of £151.056m shown above are set against this, an uncommitted balance of £31.757m remains as at 31 March 2022. The level of balances is continually being monitored to ensure a sufficient level is maintained to meet future potential liabilities.

Energy Management Fund

The Council's Energy Management Service has implemented a programme of energy efficiency projects where permanent energy cost savings have been achieved. A proportion of these savings has been appropriated to the General Fund and is now held for further initiatives and projects.

Council Tax - Second Homes

Scottish Government legislation requires that income collected from council tax for second homes is utilised to fund Affordable Housing. This reserve represents the balance of funds collected compared to those used.

Earmarked Grants

The balance held for earmarked grants relates to situations where the paying agency allows any unspent grant to be retained without imposing any conditions. In order to recognise that the grant is ring-fenced the element of the balance relating to the unspent grant has been earmarked.

Grants Received & Carried Forward

The balance is held for Grants Received which are expected to be finalised in the following financial year and monies have been carried forward for this purpose.

Change Fund

In order to address the scale of the financial challenge the Council is facing in the coming years, Services will be required to change the way they operate. To facilitate this change, investment is required to enable major change initiatives within the Council and balances have been identified for this purpose.

Demographics/Pay/Pensions

There is a known temporary demographics pressure arising in the coming years within secondary school rolls which will be challenging to contain within the resources available. This, coupled with the fact that pay settlements have yet to be agreed leads to a recommendation that an additional £18m over the coming three years be committed from balances to cover demographics, pay and pensions. Services will be asked to assess mitigating actions where possible but it may not be possible for them to fully mitigate these costs.

Workforce Change

The balance relates to future costs in relation to the Council's continuing strategy of workforce change.

Service Carry Forward

The Council operates a devolved school management scheme which allows an element of budget carry forward.

COVID-19 and other specific funding

The committed balance represents mainly unused GRG (General Revenue Grant) relating to COVID-19 spend.

Other Commitments

This represents a number of other minor commitments against balances.

Insurance Fund - Earmarked

The earmarked balance is held to cover own damage claims and anticipated incurred but not reported claims. The major part of the balance relates to a settlement received for fire damage incurred at Woodmill High School, Dunfermline.

Capital Grants and Receipts - Transformation Projects

The Scottish Government permits the use of capital receipts to fund projects designed to transform service delivery to reduce costs and/or demand. The balance held is to fund future projects of this nature.

7. Unusable Reserves

2020-21 £m		2021-22 £m
(1,485.888)	Revaluation Reserve	(1,472.583)
0.797	Financial Instruments Revaluation Reserve	0.285
819.646	Pensions Reserve	531.427
(1,029.250)	Capital Adjustment Account	(1,075.133)
53.745	Financial Instruments Adjustment Account	51.150
28.824	Employee Statutory Adjustment Account	29.523
(1,612.126)	Total Unusable Reserves	(1,935.331)

Revaluation Reserve

The reserve contains unrealised gains arising from increases in the value of Property, Plant & Equipment and Heritage Assets, and gains accumulated for assets disposed in year transferred to Capital Adjustment Account. The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created.

2020-21 £m		2021-22 £m
(1,429.972)	Balance at 1 April	(1,485.888)
	Revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services	
(106.959)	Upward Revaluation & reversal of impairment losses	(57.376)
19.744	Downward revaluation & impairment losses	39.077
(87.215)		(18.299)
29.745	Revaluation element of depreciation charged to CIES	31.223
1.554	Transfer to Capital Adjustment Account - accumulated gains on assets disposed	0.279
0.000	Transfer to/(from) Common Good Reserves	0.102
(1,485.888)	Balance at 31 March	(1,472.583)

Financial Instruments Revaluation Reserve

The reserve contains unrealised gains or losses made by the Council arising from changes in the fair value of its financial assets which includes the Council's employment land investments with Scottish Enterprise. The balance is reduced when investments are impaired, revalued downward or disposed of and the gains realised.

2020-21 £m		2021-22 £m
0.734	Balance at 1 April	0.797
0.111	(Surplus)/Deficit on Financial Instruments Revaluation	(0.442)
(0.048)	Transfer to Capital Adjustment Account - accumulated gains/(losses) on disposals	(0.070)
0.797	Balance at 31 March	0.285

Pensions Reserve

The reserve absorbs timing differences arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the CIES as the benefits are earned by employees (e.g. accruing years of service, updating inflation assumptions and investment returns), whereas statutory arrangements require benefits to be financed as the Council makes its contributions to pension funds or pays any pensions for which it is directly responsible. The Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020-21 £m		2021-22 £m
572.923	Balance at 1 April	819.646
209.055	Actuarial (gains) or losses on pensions assets and liabilities	(389.164)
118.211	Reversal of items relating to retirement benefits charged to CIES	182.825
(80.543)	Employer's pensions contributions & direct payments to pensioners payable	(81.880)
819.646	Balance at 31 March	531.427

Capital Adjustment Account

The account absorbs timing differences from accounting for consumption of long-term assets (e.g. depreciation, impairment) and financing the acquisition, construction or enhancement of those assets under statutory provisions.

2020-21		2021-22
£m		£m
(983.743)	Balance at 1 April	(1,029.250)
	Reversal of items relating to capital expenditure charged to the CIES:-	
73.627	Depreciation of non-current assets	75.330
14.478	Revaluation & Impairments losses/(gains) on non-current assets	12.650
0.030	Amortisation of intangible assets	0.000
3.505	(Gains)/Losses on disposal of assets	1.001
	Capital financing applied in the year:-	
(61.009)	Capital grants & contributions applied to finance capital expenditure	(52.520)
(37.327)	Statutory provision for the financing of capital investment	(42.751)
(38.605)	Capital expenditure charged to General Fund and HRA balances	(40.713)
1.300	Adjustment for Capital Fund applied to transformation projects	1.370
(1.554)	Adjusting amounts written out of the Revaluation Reserve	(0.279)
0.048	Adjusting amounts written out of the Financial Instruments Revaluation Reserve	0.070
0.000	Transfer to/(from) Common Good Reserves	(0.041)
(1,029.250)	Balance at 31 March	(1,075.133)

Financial Instruments Adjustment Account

The account absorbs timing differences for certain financial instruments between the different rates at which gains and losses are recognised under the Code and those to be met from General Fund and Housing Revenue Account balances under statutory requirements. The Council uses the account to manage effective interest rate adjustments and also premiums paid in prior years for the early redemption of loans over the unexpired term outstanding on those loans when they were redeemed - the longest of these terms being up to 2065-66.

2020-21		2021-22
£m		£m
56.405	Balance at 1 April	53.745
	Amount by which costs charged to the CIES are different from costs chargeable in the year in accordance with statutory requirements:-	
(0.060)	Effective Interest Rate - Borrowings Loan Interest	(0.027)
(0.019)	Effective Interest Rate - Soft Loans	0.013
(2.581)	Proportion of prior year early redemption premiums	(2.581)
53.745	Balance at 31 March	51.150
5.116	Borrowing where the loan is a stepped interest rate loan.	5.090
0.036	Loans to third parties granted at less than market interest rates	0.049
48.593	Premiums and discounts associated with the refinancing of loans	46.011
53.745	Balance at 31 March	51.150

Employee Statutory Adjustment Account

The account absorbs the differences that would otherwise arise on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund and HRA balances are neutralised by transfers to or from the account.

2020-21		2021-22
£m		£m
23.213	Balance at 1 April	28.824
(23.213)	Settlement or cancellation of accrual at previous financial year end	(28.824)
28.824	Amounts accrued at the end of the current year	29.523
28.824	Balance at 31 March	29.523

8. Analysis of Income and Expenditure by Segment/Nature

	Employee Expenditure £m	Other Service Expenditure £m	Adjustments between funding & accounting basis			Total Expenditure £m	Fees, Charges & Service Income £m	Grants & Contribution Income £m	Total Income £m	Net Expenditure in the CIES £m
			Adjustments for Capital Purposes £m	Net change for Pensions for adjustments £m	Other adjustments £m					
2021-22										
Education & Children Services	340.331	110.412	36.122	24.383	(3.852)	507.396	(2.086)	(70.870)	(72.956)	434.440
Health & Social Care	90.316	376.797	1.474	17.884	(0.512)	485.959	(205.680)	(77.688)	(283.368)	202.591
Enterprise & Environment	130.351	21.045	32.878	26.151	(3.281)	207.144	(27.931)	(8.170)	(36.101)	171.043
Finance & Corporate Services	41.572	99.111	2.627	8.032	8.841	160.183	(5.576)	(87.792)	(93.368)	66.815
Chief Executive	0.257	0.004	0.000	0.044	0.000	0.305	0.000	0.000	0.000	0.305
Corporate & Democratic Core	2.500	0.225	0.000	(3.382)	0.216	(0.441)	0.000	(0.003)	(0.003)	(0.444)
Communities	39.315	52.876	12.057	7.422	(0.539)	111.131	(14.444)	(5.866)	(20.310)	90.821
Housing Revenue Account	15.753	86.266	4.902	3.197	(0.174)	109.944	(128.092)	(0.173)	(128.265)	(18.321)
Loan Charges	0.000	97.295	(54.321)	0.000	(42.974)	0.000	0.000	0.000	0.000	0.000
Net Cost of Services	660.395	844.031	35.739	83.731	(42.275)	1,581.621	(383.809)	(250.562)	(634.371)	947.250
Other Income and Expenditure	0.000	0.000	(47.103)	17.214	40.379	10.490	(172.622)	(740.997)	(913.619)	(903.129)
(Surplus)/Deficit on Provision of Services	660.395	844.031	(11.364)	100.945	(1.896)	1,592.111	(556.431)	(991.559)	(1,547.990)	44.121
2020-21										
Education & Children Services	321.999	110.548	32.563	7.409	(1.591)	470.928	(1.147)	(67.009)	(68.156)	402.772
Health & Social Care	86.391	344.020	0.738	5.816	0.601	437.566	(194.050)	(74.038)	(268.088)	169.478
Enterprise & Environment	125.025	15.196	38.119	8.404	(0.752)	185.992	(21.380)	(11.713)	(33.093)	152.899
Finance & Corporate Services	41.284	99.217	1.778	2.654	7.291	152.224	(4.158)	(90.167)	(94.325)	57.899
Chief Executive	0.253	0.004	0.000	0.014	0.001	0.272	0.000	0.000	0.000	0.272
Corporate & Democratic Core	2.402	0.245	0.000	(3.513)	0.157	(0.709)	0.000	0.000	0.000	(0.709)
Communities	39.301	51.431	10.154	2.463	(0.137)	103.212	(11.905)	(6.657)	(18.562)	84.650
Housing Revenue Account	18.161	75.831	6.418	0.976	0.042	101.428	(125.596)	(0.132)	(125.728)	(24.300)
Loan Charges	0.000	92.551	(47.822)	0.000	(44.729)	0.000	0.000	0.000	0.000	0.000
Net Cost of Services	634.816	789.043	41.948	24.223	(39.117)	1,450.913	(358.236)	(249.716)	(607.952)	842.961
Other Income and Expenditure	0.000	0.000	(54.340)	13.445	42.068	1.173	(170.789)	(736.073)	(906.862)	(905.689)
(Surplus)/Deficit on Provision of Services	634.816	789.043	(12.392)	37.668	2.951	1,452.086	(529.025)	(985.789)	(1,514.814)	(62.728)

9. Other Income and Expenditure

2020-21 £m		2021-22 £m
	Other Operating Expenditure	
3.505	(Gains)/losses on the disposal of assets	1.001
3.505		1.001
	Financing and Investment Income and Expenditure	
42.708	Interest payable and similar charges	40.455
(0.621)	Interest receivable and similar income	(0.089)
13.445	Pensions interest cost & expected return on pensions assets	17.214
(0.019)	Income & expenditure related to financial instruments and changes in their fair value	0.013
55.513		57.593
	Taxation and Non Specific Grant Income	
(170.789)	Council tax income	(172.593)
(111.709)	Non-domestic rates (contribution from National Non Domestic Rates Pool)	(135.763)
0.000	Non-domestic rates (Tax Incremental Financing projects)	(0.029)
(77.470)	Non ring-fenced government grants: COVID-19	(30.458)
(546.894)	Non ring-fenced government grants: Other	(574.776)
(57.845)	Capital grants and contributions	(48.104)
(964.707)		(961.723)

10. Grant Income

Whether paid on account by instalments or in arrears, government grants and third party contributions & 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 that the grants or contributions will be received. They are only credited to Comprehensive Income and Expenditure Statement (CIES) when any conditions are met, but if conditions are not met at financial year end they are held as Receipts in Advance in the Balance sheet. When capital grants are credited to CIES, they are reversed out of General Fund or HRA Balances in Movement in Reserves Statement.

2020-21 £m	Grants and Contributions credited to the CIES (excl non ring-fenced Government Grants)	2021-22 £m
	Credited to Services	
(85.500)	Government Grant: Housing Benefit Subsidy	(83.607)
(72.679)	Government Grants and Contributions: NHS	(77.414)
(9.315)	Government Grants and Contributions: COVID-19	(4.201)
(75.161)	Government Grants and Contributions: Other	(79.077)
(2.524)	EU Grants	(0.902)
(4.537)	Non-Government Grants and Contributions	(5.361)
(249.716)		(250.562)
	Credited to Taxation and Non Specific Grant Income	
(3.008)	Government Grants and Contributions: COVID-19	(1.576)
(46.434)	Government Grants and Contributions: Other	(40.350)
(8.403)	Non Government Grants and Contributions	(6.178)
(57.845)		(48.104)

31 March 2021		Receipts in Advance (balances at year end)	31 March 2022	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Receipts in Advance - Revenue		
(6.160)	0.000	Government Grants: COVID-19	(2.381)	0.000
(6.491)	(0.553)	Government Grants: Other	(5.182)	0.000
(0.808)	(0.287)	Non Government Grants	(1.895)	0.000
(13.459)	(0.840)		(9.458)	0.000
		Receipts in Advance - Capital		
(1.820)	(2.524)	Government Grants	(5.936)	(3.405)
0.000	(12.555)	Non Government Grants	0.000	(11.707)
(1.820)	(15.079)		(5.936)	(15.112)
(15.279)	(15.919)	Total Receipts in Advance	(15.394)	(15.112)

11. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year. Scottish Government statutory guidance, introduced in 2021-22, states that Infrastructure Assets within PPE are not required to show Gross Book Value and Accumulated Depreciation & Impairment, and this is reflected below.

Property, Plant & Equipment movements	Council Dwellings £m	Other Land & Buildings £m	Vehicles, Plant & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Infrastructure Assets £m	Total PPE £m	PPP/NPD Assets included in Total PPE £m
2021-22									
Net Book Value at 1 April 2021	1,054.394	2,039.280	38.755	1.908	24.860	113.246	315.520	3,587.963	223.943
Additions	45.205	15.080	14.503	0.639	0.140	69.638	18.572	163.777	0.619
Revaluations & Impairments to Net Cost of Services	0.939	(6.631)	(0.799)	0.000	(4.282)	0.000	0.000	(10.773)	0.000
Revaluations & Impairments to Revaluation Reserve	10.354	8.098	0.000	0.000	(0.153)	0.000	0.000	18.299	(0.700)
Depreciation	(35.081)	(50.002)	(9.504)	(0.110)	(0.240)	0.000	(11.616)	(106.553)	(6.628)
Disposals	0.000	(0.063)	(0.248)	0.000	(0.995)	(1.823)	0.000	(3.129)	0.000
Other Movements	29.737	64.406	0.000	0.417	5.463	(111.080)	0.000	(11.057)	0.303
Net Book Value at 31 March 2022	1,105.548	2,070.168	42.707	2.854	24.793	69.981	322.476	3,638.527	217.537
Gross Book Value	1,105.548	2,089.457	142.343	3.320	25.256	74.037			217.537
Accumulated Depreciation & Impairment	0.000	(19.289)	(99.636)	(0.466)	(0.463)	(4.056)			0.000
Net Book Value at 31 March 2022	1,105.548	2,070.168	42.707	2.854	24.793	69.981	322.476	3,638.527	217.537
2020-21 (Restated)									
Net Book Value at 1 April 2020	1,026.919	2,006.678	41.455	1.250	25.179	75.718	307.237	3,484.436	218.117
Additions	41.020	20.198	7.424	0.575	0.247	55.230	13.775	138.469	0.606
Revaluations & Impairments to Net Cost of Services	0.213	(12.952)	0.000	0.000	(0.741)	(0.733)	0.000	(14.213)	11.624
Revaluations & Impairments to Revaluation Reserve	6.526	89.107	0.000	0.000	(5.202)	(3.216)	0.000	87.215	0.000
Depreciation	(34.162)	(48.537)	(9.598)	(0.038)	(0.171)	0.000	(10.866)	(103.372)	(6.404)
Disposals	0.000	(1.550)	(0.526)	0.000	(0.310)	(2.861)	0.000	(5.247)	0.000
Other Movements	13.878	(13.664)	0.000	0.121	5.858	(10.892)	5.374	0.675	0.000
Net Book Value at 31 March 2021	1,054.394	2,039.280	38.755	1.908	24.860	113.246	315.520	3,587.963	223.943
Gross Book Value	1,054.394	2,057.743	130.513	2.231	26.784	117.651			223.943
Accumulated Depreciation & Impairment	0.000	(18.463)	(91.758)	(0.323)	(1.924)	(4.405)			0.000
Net Book Value at 31 March 2021	1,054.394	2,039.280	38.755	1.908	24.860	113.246	315.520	3,587.963	223.943

Recognition and De-Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. 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.

When assets are disposed or decommissioned, the carrying values of those assets in the balance sheet are reduced accordingly and any proceeds from those disposals (less costs of sale) are treated as a capital receipt.

Measurement

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

- Council House Dwellings
Existing Use Value for Social Housing using Beacon approach (adjusted vacant possession)
- Surplus Assets
Fair Value, based on the market approach using current market conditions, recent sales prices and information for similar assets in the Fife area. In estimating fair value, highest and best use of the properties is current use.
- Dunfermline Museum and Art Gallery (included in Other Land & Buildings Assets)
Carnegie Library is an historic building with special features and is the first "Carnegie Library" built with donations from Dunfermline born philanthropist Andrew Carnegie. As such it is valued using reproduction valuation method
- Other Land & Buildings / Harbours (included in Infrastructure Assets)
Current Value, determined as the amount that would be paid for the asset in its existing use, in accordance with methodologies and bases for estimation in the Royal Institution of Chartered Surveyors Professional Standards.
- Vehicles, Plant & Equipment / Infrastructure (excl Harbours) / Community Assets / Assets Under Construction
Historic Cost, net of Depreciation

Revaluations

The Council's annual rolling valuation programme, undertaken by in-house and external valuers, ensures assets requiring valuation are valued at least every 5 years. Gross Book Values are analysed by year of valuation below;

Effective valuation date / Historic Cost (HC)	HC £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	Total £m
Council Dwellings	0.000	0.000	0.000	0.000	0.000	1,105.548	1,105.548
Surplus Assets	0.529	5.365	1.092	1.273	9.088	7.909	25.256
Other Land & Buildings	28.740	84.844	25.397	18.750	28.081	1,903.645	2,089.457

Land and buildings are two distinct components of individual assets and accounted for separately. If the building component of an asset has a carrying value of over £10 million it is separated into further significant components.

Depreciation

Depreciation and amortisation is applied on a straight line basis on 1 April asset values over their remaining useful lives with significant components depreciated separately. Exceptions are made for assets without a determinable finite useful life (i.e. land) and not yet available for use (i.e. assets under construction). Typical useful lives are:-

Buildings	1 - 99 years	Determined by the valuer
Vehicles, Plant & Equipment	1 - 25 years	Determined by suitably
Infrastructure	10 - 40 years	qualified officers

Impairment

Impairment reviews are undertaken at the end of each financial year to identify if the value of any asset has materially changed in the year and the reasons for that change. Where this is the case, the recoverable amount of the asset is estimated and, if this is less than the carrying amount of the asset, an impairment loss is recognised.

One impairment was made to assets during 2021-22 with a value of £0.799m. The impairment related to a wind turbine at Lower Melville Wood which is no longer operational.

Accounting Treatment

The CIES is charged with the following amounts relating to Property, Plant & Equipment during the year:

- depreciation and amortisation attributable to the assets used by the relevant service
- revaluation/impairment losses where no accumulated gains in Revaluation Reserve exist to write losses against
- revaluation/impairment gains to extent of previous losses charged to CIES, balance to Revaluation Reserve
- gain or loss arising from de-recognition of an asset

The Council is not required to raise council tax or HRA rents to cover these charges so these are a reconciling items in Movement in Reserves Statement (MIRS) with adjusting transactions in the capital adjustment account.

12. Heritage Assets

Heritage assets are those that are intended to be preserved in trust for future generations, held and maintained principally for their contribution to knowledge and culture. They are deemed to have indeterminate lives and high residual values and as such it is considered inappropriate to charge depreciation. The Council has identified Heritage Assets which include works of art, museums collections, historical buildings and archaeological sites.

- The Council's fine art collections mainly comprise nineteenth century oil paintings, and a substantial number of works on paper and a small number of pieces of sculpture. The collection was valued in March 2018 by historic and contemporary fine arts specialists, Aitken Dott Ltd of Edinburgh and this is recognised in the balance sheet.
- The Council's museums collections were mainly built up in the 20th century by gifts from the public, are diverse in nature with information on individual items variable. They are recognised in the balance sheet at insurance value.
- The Council owns a small number of historical buildings and sites however these are not included on the balance sheet as valuation of these assets is neither practicable nor useful to potential users of the accounts.

Fife Council's museums are fully accredited under the Accreditation Scheme administered by Museums Galleries Scotland on behalf of Arts Council England. This sets minimum standards for collections care (including storage, documentation, handling and access). The Council's Museum Documentation Manual and Collection Care Plan govern the management and preservation of collections. The Museums Collections Development Policy 2019-23, agreed in February 2019 by Community & Housing Services Committee, governs acquisitions and disposals. The Plan and Policy form part of the services agreement between Fife Council and Fife Cultural Trust.

2020-21			Heritage Asset movements during the year	2021-22		
Fine Art £m	Other £m	Total £m		Fine Art £m	Other £m	Total £m
20.005	8.247	28.252	At 1 April	20.005	8.247	28.252
0.000	0.000	0.000	Movements in year	0.000	0.000	0.000
20.005	8.247	28.252	At 31 March	20.005	8.247	28.252

13. Assets Held for Sale

Current Assets Held for Sale are those that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within 12 months of the balance sheet date. The Council has no non-current Assets Held for Sale (sale expected to be realised over 12 months).

The assets are measured at lower of carrying value and fair value (less costs to sell). If assets no longer meet the Held for Sale criteria, they are classified as Property, Plant & Equipment and valued at lower of; carrying value immediately before being classified as Held for Sale; and recoverable amount at date of the decision not to sell.

Accounting treatment is the same as Property, Plant & Equipment with exceptions that no depreciation is charged, and **all** revaluation gains/losses are charged to CIES (gains limited to extent of previous losses to CIES).

2020-21 £m	Assets Held for Sale movements during the year	2021-22 £m
5.423	At 1 April	3.591
0.000	Additions	0.018
(0.265)	Revaluation gains/(losses)	(1.877)
(0.675)	Assets transferred (to)/from Property, Plant & Equipment	11.057
(0.892)	Assets sold	(1.650)
0.000	Transfer (to)/from Common Good	(0.061)
3.591	At 31 March	11.078

14. Intangible Assets

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the Council. The Council's Intangible assets are software assets which are not an integral part of IT systems within Property, Plant & Equipment (PPE). Accounting treatment of Intangible assets is the same as for PPE assets.

2020-21 £m	Intangible Assets movements during the year	2021-22 £m
	Opening balance at 1 April	
1.302	Gross carrying amounts	1.302
(1.272)	Accumulated amortisation	(1.302)
0.030	Net carrying amount at start of year	0.000
(0.030)	Amortisation for the period	0.000
0.000	Net carrying amount at end of year	0.000
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Total	0.000

15. Capital Expenditure and Capital Financing

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically that has yet to be financed. Shown below is capital expenditure in the year, the resources used to finance that expenditure and repayment of Loans Fund principal (relating to outstanding debt from prior years), which all impact on the CFR. Also shown are material capital contract commitments at 31 March which will impact on future year's CFR.

2020-21 £m	Capital Financing Requirement movements during the year	2021-22 £m
1,121.785	At 1 April	1,118.254
	Capital investment:-	
138.469	Property, Plant and Equipment	163.777
0.000	Assets Held for Sale	0.018
0.003	Financial Instrument Investments	0.010
	Sources of finance:-	
(1.513)	Capital receipts	(2.624)
(3.549)	Loan Repayments	(10.330)
(61.009)	Government grants and other contributions	(52.520)
(38.605)	Direct revenue contributions	(40.713)
(37.327)	Loans Fund principal repayments	(42.751)
1,118.254	At 31 March	1,133.121
752.738	Capital Financing Requirement - General Fund	746.223
365.516	Capital Financing Requirement - Housing Revenue Account	386.898
1,118.254	At 31 March	1,133.121
5.368	Capital Contract Commitments at 31 March - Property, Plant & Equipment	0.000

16. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

• Leased in Assets

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors. The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Comprehensive Income & Expenditure Statement (CIES) on a straight line basis over its useful life, or the lease term if this is shorter.

Following a full review of Common Good heritable property assets, from 1 April 2014 Common Good entered into an arrangement with Fife Council to manage various land and buildings assets which are used and actively managed by the Council but whose ownership has been confirmed as Common Good. The agreement is considered to have the substance of a lease under IFRIC4 where the Council has assumed the risks and rewards from these properties and therefore is accounted for as a finance lease. The agreement is on a full repairs basis by the Council at a peppercorn rental (i.e. a rent at very low or nominal value) and the assets are included as Property, Plant & Equipment on the Council's balance sheet at 31 March 2022 at a value of £144.672m.

There are no other finance lease agreements included in the Council's balance sheet at 31 March 2022.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on finance lease assets and these are therefore a reconciling item in the Movement in Reserves Statement with the Capital Adjustment Account. Instead, a prudent annual provision is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

• Leased out Assets

The Council has no finance leases agreements as a lessor in place at 31 March 2022.

Operating Leases

• Leased in Assets

The Council has a number of operating leasing agreements in place for land and buildings. Rentals paid under these are charged to the CIES as an expense of the services benefitting from use of the lease.

2020-21 £m	Future minimum lease payments due at 31 March under non-cancellable leases in future years:-	2021-22 £m
1.618	Not later than one year	1.698
3.025	Later than one year and not later than five years	2.385
6.914	Later than five years	6.855
11.557	Total	10.938

2020-21 £m	Expenditure charged to the CIES during the year in relation to these leases:-	2021-22 £m
1.741	Minimum lease payments	1.717
0.000	Contingent rents	0.000
1.741	Total	1.717

• Leased out Assets

The Council leases out property for a number of purposes. These are mainly to support economic growth by providing industrial and commercial lets at affordable levels for local business and to facilitate the provision of community, arts and tourism facilities within local communities. Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

2020-21 £m	The future minimum lease payments at 31 March receivable in future years are:-	2021-22 £m
3.281	Not later than one year	3.095
8.525	Later than one year and not later than five years	8.058
77.789	Later than five years	75.834
89.595	Total	86.987

17. Public Private Partnerships (PPP) and Non-Profit Distribution (NPD) contracts

PPP and NPD contracts are agreements to receive services where responsibility for making assets available to provide the services passes to the PPP/NPD operator. As the Council is deemed to control the services provided and as ownership of the assets passes to the Council at the end of the contract periods for no additional charge, assets are carried on the Council Balance Sheet and are detailed in the Property, Plant & Equipment Note to these accounts. Fife Council has three such contracts in place for construction and servicing of certain facilities.

- **PPP1 (A New Way Forward)**-replacement of 2 secondary schools, a new primary school, sports hall and all weather pitch, which were fully operational from August 2003 under contract operator Pinnacle Schools Fife Ltd.
- **PPP2 (Expanding Horizons)**-construction of 3 new primary schools and a community facility, replacement of 3 primary schools and a new combined campus to replace 2 further primary schools. These were fully operational in June 2007 under contract operator Emblem Consortium.
- **NPD (Levenmouth Academy)**-construction of a new school which was operational in August 2016 under contract operator HUB East Central Scotland Ltd. Unlike PPP, the funding of the NPD project is entirely from borrowing, there is no equity element and therefore no distribution of surpluses at the end of the contract to investors. Any surpluses are passed to a designated charity.

The contracts allow the Council to use the facilities for Education and Community use and gives the right for the Council to vary the contracts in terms of changes to facilities, services to be provided and hours of use, they also include refinancing and termination mechanisms. The contract operators have obligations to maintain the assets to a high standard, to undertake any lifecycle replacement and to hand back the assets in a good condition. The facilities are passed back to the Council at the end of the contract periods (in 2028, 2032 and 2042 respectively).

For all three contracts, annual unitary charges (calculated to compensate operators for fair value of services provided, capital expenditure and interest charges) are payable by the Council to the operator over the contract period and are subject to annual indexation uplifts but can be reduced if the operator fails to meet availability and performance standards. The charges are partly offset by annual Scottish Government Grant support. The Council holds the outstanding capital expenditure element of the contracts as a liability on its Balance sheet.

2020-21		Annual Unitary Charge payments and Scottish Government Grant support	2021-22	
Unitary charge £m	Grant support £m		Unitary charge £m	Grant support £m
8.220	(3.680)	PPP1	8.294	(3.680)
8.404	(4.168)	PPP2	8.597	(4.168)
3.893	(3.212)	NPD	3.865	(3.212)
20.517	(11.060)		20.756	(11.060)

£m	Outstanding Liability on Balance Sheet	£m
94.397	1 April	88.273
(6.124)	Capital Repayments during the year	(6.412)
88.273	31 March	81.861

The annual unitary charge payments are analysed into elements which determine the accounting treatment. **Service costs** are Fair Value of Services received charged to Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and Lifecycle Replacement Costs posted as additions to Property, Plant & Equipment when work is undertaken; **Capital Repayment** is applied to write down the outstanding Balance Sheet liability; **Finance costs** are Interest Charges (on outstanding liability) and Contingent Rent (contract increases arising during the contract period) both charged to CIES (Financing and Investment Income & Expenditure).

Contract payments remaining to be made at 31 March 2022 (using 2.5% indexation excl availability/performance deductions)	Service Costs £m	Capital Repayment £m	Finance Costs £m	Total £m
Payable in 2022-23	9.076	5.631	5.854	20.561
Payable within two to five years	34.003	29.264	21.605	84.872
Payable within six to ten years	36.349	28.110	13.757	78.216
Payable within eleven to fifteen years	9.833	10.103	4.331	24.267
Payable within sixteen to twenty years	8.572	8.753	1.521	18.846
Total	97.833	81.861	47.068	226.762

18. Inventories

Stores / Raw Materials £m	2020-21		Movement in Inventories (measured at lower of cost and net realisable value)	Stores / Raw £m	2021-22	
	Equipment Stock £m	Total £m			Equipment Stock £m	Total £m
3.209	0.161	3.370	Opening Balance 1 April	3.909	0.373	4.282
13.370	1.535	14.905	Purchases	17.704	1.191	18.895
(13.352)	(1.323)	(14.675)	Recognised as in-year expense	(18.564)	(1.229)	(19.793)
0.682	0.000	0.682	Stock adjustments-write on/(off)	1.000	0.000	1.000
3.909	0.373	4.282	Balance 31 March	4.049	0.335	4.384

19. Short Term Debtors and Creditors

31 March 2021		Short Term Debtors and Creditors (after provision for impairment)	31 March 2022	
Debtors £m	Creditors £m		Debtors £m	Creditors £m
29.914	(12.060)	Central Government bodies	33.005	(17.526)
30.671	(0.575)	Local Taxation (Council Tax & Non-Domestic Rates)	30.692	(0.866)
1.653	(57.746)	Employees (Pay & Holiday Pay Accruals)	3.147	(32.936)
15.514	(28.953)	Financial Assets and Liabilities (see Note 21)	16.847	(30.636)
0.000	(29.643)	Integration Joint Board (IJB)	0.000	(36.277)
19.176	(31.963)	Other Entities and Individuals (incl. Insurance Fund)	18.420	(29.400)
96.928	(160.940)		102.111	(147.641)
Local Taxation Debtors analysed by age of debt				
8.306		Up to 1 Year	6.348	
12.532		1-5 Years	14.020	
9.833		Greater than 5 Years	10.324	
30.671			30.692	

20. Provisions

The value of provisions is based on the Council's obligations arising from past events, probability that transfer of economic benefit or service potential will take place and reliable estimate of the obligation. Provisions are charged to the relevant service in the CIES when the obligation becomes known and reviewed at each balance sheet date.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Where it becomes less than probable that a provision is required (or a lower settlement than anticipated is made), it is reversed and credited back to the relevant service.

	Insurance Claims £m	Expenses Awards £m	Employee Allowances £m	Asset Decomm. £m	Total £m
1 April 2021	(7.645)	(0.070)	(0.408)	(6.252)	(14.375)
Additional provisions made	(1.161)	(0.021)	(0.024)	(0.447)	(1.653)
Amounts used	1.565	0.020	0.024	0.000	1.609
Unwinding of discounting	(0.010)	0.000	0.000	(0.042)	(0.052)
31 March 2022	(7.251)	(0.071)	(0.408)	(6.741)	(14.471)
Short-Term Provisions	0.000	(0.071)	(0.408)	0.000	(0.479)
Long-Term Provisions	(7.251)	0.000	0.000	(6.741)	(13.992)
Balance 31 March 2022	(7.251)	(0.071)	(0.408)	(6.741)	(14.471)

- Insurance Claims - all known outstanding third party claims.
- Expenses Awards - expected awards against the Council as a result of Planning Committee decisions.
- Employee Allowances - expected costs resulting from Equal Pay Claims.
- Asset Decommissioning - expected landfill site aftercare costs, at Lochhead and Lower Melville Wood to continue to meet obligations when they reach the point of closure.

21. Financial Instruments

Financial instruments are contracts which create a financial asset in one entity and a financial liability in another. They are recognised at fair value or amortised cost or, where no reliable measurement exists, measured at cost.

31 March 2021		Financial Instruments in the Balance Sheet	31 March 2022	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Investments		
0.000	2.456	Employment Land	0.000	2.694
0.000	2.456		0.000	2.694
		Other Financial Assets		
0.988	7.703	Loan Debt - Police and Fire Authorities	1.016	6.687
0.000	10.331	Loan Advances - National Housing Trust (NHT)	0.000	0.000
0.015	0.198	Loan Advances - Soft Loans	0.016	0.166
14.511	0.000	Trade Debtors	15.815	0.000
15.514	18.232		16.847	6.853
		Borrowings		
(21.620)	(518.444)	Loans - Public Works Loan Board (PWLB)	(21.630)	(556.814)
(3.250)	(327.350)	Loans - Money Market	0.000	(327.350)
(101.000)	0.000	Loans - Temporary Short Term	(35.000)	0.000
(10.579)	0.000	Loan Interest	(10.368)	0.000
(0.063)	(5.054)	Loan Liability - Effective Interest Rate (EIR)	(0.057)	(5.033)
(136.512)	(850.848)		(67.055)	(889.197)
		Other Financial Liabilities		
(6.412)	(81.861)	PPP, NPD and finance lease liabilities	(5.631)	(76.230)
(22.541)	0.000	Trade Creditors (at contract amount)	(25.005)	0.000
(28.953)	(81.861)		(30.636)	(76.230)

Investments

The Council is party to Employment Land investments with Scottish Enterprise. Market conditions show that similar assets are actively sold so these are valued at Level 3 of the Fair Value hierarchy. Valuation changes are shown in Comprehensive Income & Expenditure Statement (CIES) & Financial Instruments Revaluation Reserve. Part of the investment was disposed in 2021-22 recognising a loss of £0.065m in CIES.

Other Financial Assets

The Council has loan debt due from Scottish Police & Fire Authorities, recognised in 2013 when the services were transferred from the Council, repayable annually until 2037; loan advances made under NHT Initiative which were fully repaid in 2021-22; soft loans (below market rate of interest) to employees; and other trade debtors.

Interest receivable is based on an effective rate of interest for each instrument and credited to CIES. For soft loans, a higher rate of interest is credited (reflecting interest foregone over the life of the loan) with transfers to Financial Instruments Adjustment Account to ensure only interest receivable impacts on Council Balances. Any gains and losses from de-recognition or impairment of loans & receivables are also charged to CIES.

Borrowings

Borrowing from the PWLB, Money Market and Temporary Loans is held at amortised cost. Fair Value of these loans has been assessed and is greater than amortised cost, as the Council's portfolio of loans includes fixed rate loans where interest payable is higher than rates available on similar loans in the market at the balance sheet date.

2020-21 £m	PWLB and Money Market Loans	2021-22 £m
870.664	Carrying Value (amortised cost) at balance sheet date	905.794
1,219.257	Fair Value at balance sheets date	1,144.286
34.444	Interest on borrowings charged to CIES in the year	32.795

The Council has modified the structure of its Loan Debt in previous years and costs of this restructuring are added to amortised cost as an EIR liability written down over the life of the debt. The Impact on Balances is spread over the life of the debt by an annual transfer between General Fund and Financial Instruments Adjustment Account.

Other Financial Liabilities

Liabilities include PPP, NPD & finance lease liabilities (detailed in Note 17 of these accounts) and trade creditors.

22. Nature and Extent of Risks Arising from Financial Instruments

The Council's treasury management policies operate to minimise exposure to the unpredictability of the financial markets and protects the financial resources available to fund services. The Council has formally adopted the CIPFA Code of Practice on Treasury Management and, in accordance with the Prudential Code for Capital Finance in Local Authorities, approved annually prudential and treasury indicators for the following three years.

Liquidity and Re-Financing Risk

There is no significant risk that the Council will be unable to raise finance to meet its commitments, as borrowing is readily available from PWLB, but there is a risk that it will be bound to replenish a significant proportion of debt in a time of unfavourable interest rates. The Council's treasury management indicators provide maximum limits for maturity structure of borrowings and investments maturing beyond one year, and its Borrowing & Investment Strategy addresses the main risks by monitoring maturity profiles of financial liabilities and investments, and amending (by new borrowing or rescheduling debt) to ensure sufficient liquidity is available for daily cash flow.

Maturity Analysis of Financial Liabilities	PWLB & Money Market £m	Temp Loans & Interest £m	EIR Loan Liability £m	Total £m	Maturity Profile %
Less than one year	21.630	45.368	0.057	67.055	7.01%
Between one and two years	36.426	0.000	0.044	36.470	3.81%
Between two and five years	18.457	0.000	0.150	18.607	1.95%
Between five and ten years	57.048	0.000	0.260	57.308	5.99%
Ten years or more	772.233	0.000	4.579	776.812	81.24%
Total	905.794	45.368	5.090	956.252	100.00%

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

Credit Risk

Credit risk from financial instruments arises from the deposits placed with banks and financial institutions, loans to other Local Authorities and credit exposures to the Council's customers. The Council's policy for managing credit risk is outlined in the its Treasury Management Policy. Deposits are not made with banks and financial institutions unless they satisfy a minimum rating set by each of three leading credit agencies.

The potential exposure to credit risk, based on experience of default and uncollectability is shown below. The majority of debt is past its due date for payment as the Council's payment policy is 14 days from the invoice date.

2020-21 £m	Analysis of Trade Debtors	Within 3 months £m	3 - 6 months £m	6 - 12 months £m	Beyond 12 months £m	Total 2021-22 £m
18.080	At 31 March	7.982	1.758	3.151	7.606	20.497
19.70%	Historical experience of default					22.80%
3.569	Potential exposure to default					4.682

Market risk

The Council is exposed to interest rate movements on borrowings and investments which have a direct impact on General Fund or HRA balances. e.g. an increase in interest rates would increase interest payable on variable borrowings and increase interest receivable on investments (if rates reduce the reverse applies). Borrowings are held at amortised cost, so gains and losses to fair value from a change in interest rates will not have an impact.

The Council's Treasury Management Policies manage interest rate exposure by limiting the amount of borrowing held at variable rates to 75% of its total portfolio. In previous years loans have been restructured into "variable structure" debt and risk is managed within the contracts as they are Lender Option Buyer Option (LOBO) loans where interest rates can only be reviewed on certain anniversary dates. If the Lender wishes to exercise their option to increase the rate on those dates, the Borrower can exercise their option to repay the loan.

2020-21 £m	Impact of 1% increase in interest rate (assuming all other variables are constant)	2021-22 £m
0.830	Increase in Interest Payable	0.157
(1.260)	Increase in Interest Receivable	(0.926)
(0.430)	Net impact on the CIES	(0.769)

The Council does not invest in equity shares and has no financial asset or liabilities denominated in foreign currencies and therefore is not exposed to losses from share price or exchange rate movements.

23. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is accounted for as a defined contribution scheme as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, include the payments made by the Council to the scheme in year but do not reflect estimated pension assets or liabilities. The Council is however responsible for additional benefits awarded upon early retirement outwith the terms of the teachers' scheme which are accounted for on a defined benefit basis and included in the Defined Benefit Retirement Schemes Note.

2020-21 £m	Teachers' Retirement Benefits	2021-22 £m
35.678	Amounts due to Scottish Public Pensions Agency for Teachers' Pensions	36.360
4.461	Early Retirement Benefits outside the terms of the Teachers' Scheme	4.393

24. Defined Benefit Retirement Schemes

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

- The Local Government Pension Scheme, administered locally by Fife Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions relating to post employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, in accordance with accounting regulations, the amount to be funded by council tax or HRA rents is based on benefits payable in the year, so an adjustment is made to General Fund/HRA balances in the Movement in Reserves Statement.

2020-21			2021-22	
Fife Council £m	Group £m		Fife Council £m	Group £m
		Comprehensive Income & Expenditure Statement (CIES)		
		Cost of Services:-		
100.944	107.256	Current Service Cost	161.902	171.638
3.822	3.822	Past service costs (incl. Curtailments)	3.709	5.307
		Financing and Investment Income and Expenditure:-		
64.572	67.624	Interest cost	74.011	77.721
(51.127)	(54.060)	Interest Income on plan assets	(56.797)	(60.132)
118.211	124.642	Total charged to (Surplus)/Deficit on Provision of Services	182.825	194.534
209.055	217.974	Total remeasurements recognised in Other Expenditure	(389.164)	(410.902)
327.266	342.616	Total Post Employment Benefit charged to the CIES	(206.339)	(216.368)
		Movement in Reserves Statement		
(118.211)	(124.642)	Reversal of charges to the CIES under accounting regulations	(182.825)	(194.534)
		Amounts charged for pensions in the year against Balances:-		
73.208	77.071	Employers' contributions payable to plan	74.789	79.513
7.335	7.347	Contributions in respect of unfunded benefits	7.091	7.117
(37.668)	(40.224)		(100.945)	(107.904)

Contributions expected to be made to the funded plan in financial year 2022-23

74.281	78.147
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Value of Plan Assets and Liabilities

2020-21			2021-22	
Fife Council £m	Group £m		Fife Council £m	Group £m
		Fair Value of Plan assets		
2,217.539	2,343.694	Balance at 1 April	2,833.505	2,997.321
51.127	54.060	Interest Income on Plan Assets	56.797	60.132
17.040	18.135	Participants Contributions	18.033	19.135
73.208	77.071	Employers contributions	74.789	79.513
(76.372)	(78.758)	Benefits paid	(76.156)	(78.611)
(7.335)	(7.347)	Unfunded benefits paid	(7.091)	(7.117)
7.335	7.347	Contributions in respect of unfunded benefits paid	7.091	7.117
550.963	583.119	Return on assets excluding amounts included in net interest	122.092	128.864
2,833.505	2,997.321	Balance at 31 March	3,029.060	3,206.354
		Present Value of Plan liabilities (defined benefit obligation)		
(2,790.462)	(2,920.713)	Balance at 1 April	(3,653.151)	(3,832.538)
(100.944)	(107.256)	Current Service Cost	(161.902)	(171.638)
(3.822)	(3.822)	Past Service Cost (including curtailments)	(3.709)	(5.307)
(64.572)	(67.624)	Interest Cost on defined benefit obligation	(74.011)	(77.721)
(17.040)	(18.135)	Participants Contributions	(18.033)	(19.135)
76.372	78.758	Benefits paid	76.156	78.611
7.335	7.347	Unfunded Benefits paid	7.091	7.117
(751.580)	(793.897)	Remeasurement: Change in financial assumptions	249.294	263.602
24.093	25.199	Remeasurement: Change in demographic assumptions	22.377	23.437
(32.531)	(32.395)	Remeasurement: Other experience	(4.599)	(5.001)
(3,653.151)	(3,832.538)	Balance at 31 March	(3,560.487)	(3,738.573)
(819.646)	(835.217)	Net Asset / (Liability)	(531.427)	(532.219)
2,833.505	2,997.321	Fair value of Plan Assets	3,029.060	3,206.354
(3,515.441)	(3,694.419)	Present value of funded liabilities	(3,432.039)	(3,609.217)
(137.710)	(138.119)	Present value of unfunded liabilities	(128.448)	(129.356)
(819.646)	(835.217)	Net Asset / (Liability)	(531.427)	(532.219)

31 March 2021				Fair Value of Plan Assets at bid value (under accounting standard IAS19)	31 March 2022			
Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%		Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%
573.990	0.000	573.990	20%	Equity Securities	546.962	0.000	546.962	18%
				Debt Securities				
				• Corporate Bonds	0.000	69.817	69.817	2%
				• UK Government	0.000	260.500	260.500	9%
				• Other	0.000	0.410	0.410	0%
				Real Estate				
				• UK Property	187.365	0.934	188.299	6%
				Investment Funds & Unit Trusts				
				• Equities	1,229.518	0.000	1,229.518	41%
				• Bonds	430.808	0.000	430.808	14%
				• Infrastructure	0.000	204.938	204.938	7%
				Derivatives	0.008	0.000	0.008	0%
				Cash & Cash Equivalents	97.800	0.000	97.800	3%
2,459.518	373.987	2,833.505	100%	TOTAL	2,492.461	536.599	3,029.060	100%

Only Fife Council figures are shown above as other Group bodies are prepared using accounting standard FRS102.

Basis for estimating assets and liabilities

Liabilities are assessed on an actuarial basis using the projected unit credit method, an estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the LGPS and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. Estimates are based on the roll-forward of the 2020 valuation as adjusted for changes in assumptions, additional benefit accrual and estimated cash flows. Assumptions vary depending on age profile of scheme members for each employer within the Council Group - Fife Sports & Leisure Trust are considered a 'Long Duration' employer, Business Gateway 'Short Duration', and all others (including Fife Council) 'Medium Duration'.

Short Duration	2020-21		Principal Assumptions used	2021-22		
	Medium Duration	Long Duration		Short Duration	Medium Duration	Long Duration
			Mortality-Longevity at age 65 (years)			
20.3	20.3	20.3	Men (current pensioners)	20.1	20.1	20.1
21.5	21.5	21.5	Men (future pensioners)	21.2	21.2	21.2
23.1	23.1	23.1	Women (current pensioners)	22.9	22.9	22.9
25.1	25.1	25.1	Women (future pensioners)	24.9	24.9	24.9
			Financial			
2.85%	2.85%	2.80%	Rate of increase in pensions	3.30%	3.20%	3.15%
3.35%	3.35%	3.20%	Rate of increase in salaries	3.80%	3.70%	3.65%
1.95%	2.00%	2.05%	Rate for discounting scheme liabilities	2.70%	2.70%	2.75%
			Commutation			
50%*	50%*	50%*	Take-up of option to convert annual pension into a lump sum	50%*	50%*	50%*

* An allowance is included for future retirements to elect to take 50% maximum additional tax-free cash up to HM Revenue & Customs limits for pre-April 2009 service and 75% maximum tax-free cash for post-April 2009 service.

25. Agency Income and Expenditure

Agency arrangements operate in some services where the Council undertakes work on behalf of other Local Authorities, Government or other public bodies. Expenditure and income relating to this work is excluded from the Comprehensive Income and Expenditure Statement because it is not part of the Council's responsibilities.

- The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2021-22 the Council transferred £62.921m (2020-21 £61.381m) to Scottish Water.
- The Council administered £55.852m of COVID-19 support funding schemes for businesses and individuals on behalf of Scottish Government in 2021-22 (£103.761m, 2020-21).

26. Financial Guarantees

The Council has formal guarantees and arrangements in place for subsidiary bodies within the Council's Group;

- A pension guarantee, approved by the Council in September 2015, with Business Gateway Fife which ensures that if the company were unable to continue as active members of the pension scheme and their assets and liabilities would be pooled with Fife Council's within the Pension Fund.
- Two financial guarantees which relate to future years with CIRECO Scotland Ltd in respect of any defaults on energy from waste agreements which enable the diversion of waste from landfill. These are; Earlsgate site £5.280m due to open in March 2023 (approved by the Council in April 2018); and Westfield site £11.899m due to open in 2024 (approved by the Council in May 2019).
- The Council also issued letters of comfort to Fife Sports & Leisure Trust, Fife Cultural Trust and Fife Resources Solutions LLP to confirm the Council's commitment to the ongoing financial sustainability of those bodies.

In addition, the Council agreed in January 2020, to provide a pensions arrangement for small employers who wish to exit the Fife Pension Fund. Six employers elected to take advantage of this proposal and have subsequently ceased participation in the scheme. The Council, as an Employer, has taken on the pension assets and liabilities of these employers which could result in increased liabilities depending on the future performance of the Fund.

27. Group & Related Parties

Group accounts are required to be prepared where the Council has material interests in other organisations which can be classified as subsidiaries, joint ventures or associates in line with the level of control that the Council exerts.

Subsidiaries

Subsidiaries are independent bodies over which the Council is considered to have control. The following Subsidiaries have been identified and are included in the Group accounts where material.

Payments from Fife Council £m	2020-21 Fife Council balances at 31 March			2021-22 Fife Council balances at 31 March		
	Debtors £m	Creditors £m		Payments from Fife Council £m	Debtors £m	Creditors £m
			Included in Group Accounts			
5.908	0.324	0.175	Fife Sports and Leisure Trust	6.089	0.449	0.055
1.517	0.040	0.015	Fife Coast & Countryside Trust	1.634	0.188	0.269
0.598	0.178	0.016	Fife Golf Trust	0.643	0.303	0.033
8.524	0.302	0.383	Fife Cultural Trust	8.461	0.031	0.000
20.180	1.131	1.609	Fife Resource Solutions LLP	23.784	1.606	0.772
0.000	0.000	0.003	CIRECO (Scotland) Ltd	0.006	0.000	0.000
1.486	0.020	0.169	Business Gateway Fife	1.550	0.003	0.121
38.213	1.995	2.370		42.167	2.580	1.250
			Not included in Group Accounts			
			(due to materiality levels)			
0.000	0.000	0.000	Sustainability Fife Ltd	0.000	0.000	0.000

Fife Sports & Leisure Trust is a company limited by guarantee with charitable status set up on 1 April 2008 to provide sport & leisure activities in Fife through 14 leisure facilities leased from the Council. The Council pays a management fee to the Trust and is represented on the Board of Directors by 6 board members.

Fife Coast & Countryside Trust is a company limited by guarantee with charitable status set up on 31 July 2006 providing countryside activities in Fife for the Council and partners including Scottish Natural Heritage. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Golf Trust is a company limited by guarantee with charitable status set up on 1st April 2011. The Trust provides golf across Fife through 7 golf courses which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Cultural Trust is a company limited by guarantee with charitable status set up on 1 October 2012 to provide arts, culture and entertainment across Fife, through library and museum services, an Arts Development service and management & operation of 4 theatre facilities, which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Resource Solutions Limited Liability Partnership was established on 1 April 2014 between Fife Council and Sustainability Fife Ltd to provide Waste Treatment and Disposal, Collection of Commercial and Industrial Waste, Waste Haulage and Transfer, Recycling Facilities, Energy Generation and Supply, and related Consultancy Services to Fife Council. The Council is represented on the Board of Directors by 5 board members.

CIRECO (Scotland) Ltd was established (as Resource Efficient Solutions Limited Liability Partnership) on 1 April 2014 as a partnership between Fife Council and Fife Resource Solutions LLP to develop new income streams predominantly from provision of waste disposal, collection of commercial & industrial waste to external customers and provision of consultancy services. The Council is represented on the Board of Directors by 5 board members.

Business Gateway Fife is a company limited by guarantee established as a joint venture between Fife Council and Scottish Enterprise to deliver support to start up and existing small businesses in Fife. The Council is now the sole funder, providing funding for financial assistance to small businesses, operational funding and a contribution to the Business Gateway national contract, and is represented on the Board of Directors by 2 board members. The payments to Business Gateway (above) exclude payments in relation to COVID-19 business grants which were administered by Business Gateway on behalf of Fife Council and the Scottish Government.

Sustainability Fife Ltd is wholly owned by the Council and established to form a partnership with the Council to create Fife Resource Solutions LLP. The Council is represented on the Board of Directors by 5 board members.

Joint Venture - Fife Integration Joint Board (IJB)

The IJB, established on 3 October 2015 as a Joint Venture with NHS, is responsible for planning, operational oversight and management of Integrated Health & Social Care Services. The Council's share of IJB reserves at 31 March 2022 is £39.856m (31 March 2021 £14.822m) which is included in the Council's accounts on an equity basis. Further details are shown as material items in the Comprehensive Income & Expenditure Statement.

Associates

Associates are bodies which the Council has significant influence over, but do not meet criteria of Subsidiaries or Joint Ventures. The following Associate was identified but not included in Group accounts due to materiality levels.

Fife Historic Building Trust is a company which promotes and encourages the maintenance and improvement of the amenity of the area of Fife and the protection and preservation of its landscape, architectural and historical heritage. The Council has 3 of the 12 Board members and in 2021-22 contributed £0.183m (2020-21 £0.280m).

Other Related Parties

The Council transacts with 'related parties' on a regular basis i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party to bargain freely with the Council.

Scottish Government

The Scottish Government has effective control over the general operations of the Council. It provides the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax, housing benefits). Grants received from government departments are shown in the Grant Income note to these accounts.

Members and Officers of the Council

In addition to Subsidiaries and Associates, elected members have registered interests in other bodies where the Council does not have significant influence over their operations. In 2021-22 the Council and its Group made material payments (>£0.100m) to 19 of these bodies totalling £7.723m. The members' interests register is here:

<https://www.fife.gov.uk/kb/docs/articles/about-your-council2/politicians-and-committees/your-local-councillors>

There were no material payments to bodies where senior officers have a registered interest but members do not.

Other Organisations

The Council has interests in other bodies in collaboration with other local authorities, but are not Associates as the Council either has no significant influence, or does not invest in those bodies. These include SESTran (South East of Scotland Transport Partnership), Tay Bridge Joint Board and Scotland Excel. Payments made to these bodies is included in Members and Officers section above where material. Fife Council also had interests in two Strategic Development Planning Authorities (SESPlan & TAYPlan) which ceased operations in 2021-22.

Local Government Pension Fund

Fife Council acts as the administering Authority for the Fife Pension Fund which is a Local Government Pension Scheme and a statutory scheme established by the Superannuation Act 1972. The Fund covers employees and pensioners of Fife Council and also a number of scheduled and admitted bodies but does not include Teachers. The Fife Pension Fund accounts are not part of the Council's accounts but subject to separate audit, and available from Pensions Team, Fife Council, North Street, Glenrothes, KY7 5LT. Email:pensions.section@fife.gov.uk.

2020-21 £m		2021-22 £m
1.779	Charges to the Pension Fund for support services related to administration	1.645
73.302	Employers' contribution paid to the Pension Fund	81.193
17.102	Employee's contributions collected and paid to the Pension Fund	19.266

External Audit

The agreed external audit fee for 2021-22 was £0.550m to Audit Scotland for work undertaken in accordance with the Code of Audit Practice (2020-21, £0.535m). No other services were provided by Audit Scotland in the year.

28. Contingent Assets and Liabilities

Contingent assets or liabilities arise where an event occurs that gives the Council a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within control of the Council. Contingent liabilities also arise 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 obligation cannot be measured reliably.

At 31 March 2022 the Council has no contingent assets but has the following contingent liabilities: -

- The Council has developed a strategy for Workforce Change which would result in an FTE staff reduction of approximately 2,200 at an estimated cost of £74.000m over the 16 year period (2010-11 to 2025-26). Included in the 2021-22 accounts are costs totalling £2.597m for approximately 40 staff. There is significant uncertainty over the extent of employee reductions required over the next 4 years although it is estimated at approximately £13.000m for under 400 staff and no provision has been made for this contingency.
- The Scottish Child Abuse Inquiry was set up in October 2015 to examine the abuse of children in care from the 1930's to the present day. Fife Council have 4 establishments included in the list of Institutions being investigated along with investigations into Foster Care, Child Migrant, and a few individuals. The Council have received claims for £4.080m, however there is potential for more as the time bar has been removed for cases where the abuse occurred post September 1964. The introduction of Qualified One-Way Cost Shifting in 2021 removed the risk of the claimant having to pay defenders expenses if their claim is unsuccessful and therefore this will further open the possibility of new cases or re-submissions of those which were rejected due to the time bar. It is not possible to determine exact timing or value of any future claims.

29. Prior Period Adjustments / Restatements

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or to provide more reliable or relevant information on the Council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are also corrected retrospectively.

The following restatements are included in these Accounts: -

- Note 11 Property, Plant & Equipment - Changes in presentation were introduced in 2021-22 in accordance with the Accounting Code of Practice requirements for Property, Plant & Equipment Assets and from Scottish Government statutory guidance on Infrastructure assets. The 2020-21 figures have been restated to reflect
- Common Good Fund Reserves - The presentation of the Common Good Movement In Reserves Statement and Balance Sheet has changed. The Capital Reserve is now shown separately from Revaluation Reserve and shown as a Useable Reserve in line with guidance on accounting for Common Good Funds in Scotland. This has also had an impact on The Group Balance Sheet. The 2020-21 figures have been restated to reflect this.

30. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Statement of Accounts is authorised for issue. There are two distinct types:- those that existed at the balance sheet date where the accounts should be adjusted to reflect these; and those which arose after the balance sheet date which require disclosure in the notes to the accounts if material. Fife Council had no such events for 2021-22.

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

2020-21 £m		2021-22 £m
	Income	
(118.916)	Dwelling Rents	(121.218)
1.796	Rent Voids	1.728
(3.492)	Non-dwelling Rents	(3.484)
(2.278)	Hostels - Accommodation Charges	(2.343)
(2.838)	Other Income	(2.948)
(125.728)	Total Income	(128.265)
	Expenditure	
36.535	Repairs and Maintenance	45.549
26.239	Supervision and Management	26.560
0.182	Rents, rates, taxes and other charges	0.236
34.528	Depreciation, impairment and revaluation losses of non-current assets	34.044
2.785	Impairment of Debtors	2.335
1.159	Other Expenditure	1.220
101.428	Total Expenditure	109.944
(24.300)	Net Expenditure or (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement	(18.321)
0.107	Share of Corporate and Democratic Core	0.179
0.050	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to specific services	0.037
(24.143)	Net (Income) or Expenditure for HRA Services	(18.105)
	HRA Share of operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement	
1.098	(Gain) or Loss on sale of HRA Non Current Assets	(0.145)
12.721	Interest Payable and Similar Charges	12.402
(0.016)	Interest and Investment Income	(0.068)
0.473	Pension Interest Cost and Expected Return on Pension Assets	0.632
(14.315)	Capital Grants and Contributions Receivable	(10.912)
(24.182)	(Surplus) or Deficit for the Year on HRA Services	(16.196)

Movement on the Housing Revenue Account Statement

2020-21 £m		2021-22 £m
(24.182)	(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement	(16.196)
	Adjustments between accounting & funding basis:	
(5.190)	- permitted by accounting standards	(5.025)
24.390	- required by statutory regulations	22.371
(0.018)	Transfers to/(from) Other Statutory Reserves	(0.150)
(5.000)	Net (Increase) or Decrease In Year on HRA	1.000
(3.005)	Balance on the HRA at the end of the Previous Year	(8.005)
(8.005)	Balance on the HRA at the end of the Current Year	(7.005)

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Statute

2020-21 £m		2021-22 £m
	Accounting Standards Adjustments	
	Adjustments for Capital Purposes	
(5.190)	Revaluation element of depreciation in CIES	(5.025)
	Statutory Adjustments	
	Adjustments for Capital Purposes	
(29.338)	Depreciation, Impairment and Revaluations	(29.019)
14.315	Capital Grants and Contributions	10.912
(1.098)	Gain or (loss) on sale of HRA non-current assets	0.145
13.079	Repayment of Debt	14.096
28.110	Capital expenditure funded by the HRA	29.142
(1.450)	HRA share of contributions to/(from) the Pensions Reserve	(3.829)
0.971	HRA Share of Transfer (to)/from Financial Instruments Adjustment Account	0.966
(0.199)	HRA adjustment for compensated absences	(0.042)
19.200		17.346

2. Housing Stock

31 March 2021 Number	Council housing stock analysed by number of bedrooms	31 March 2022 Number
252	0	253
7,442	1	7,432
14,444	2	14,475
7,333	3	7,376
1,126	4 - 8	1,186
30,597		30,722

3. Rent Arrears

31 March 2021 £m		31 March 2022 £m
5.364	Current Tenants	5.012
1.618	Former Tenants	1.549
0.152	Temporary Accommodation	0.248
7.134		6.809

4. Impairment of Debtors

A provision of £5.249m (77.1%), including £0.119m for temporary accommodation, (2020-21 £5.711m 80.1%) has been made in respect of uncollectable debts.

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates, deductions made under statute and income retained by the Council for approved Tax Incremental Financing (TIF) projects. The net income is paid to Scottish Government as a contribution to the national non-domestic pool.

2020-21 £m		2021-22 £m
(212.554)	Gross Rates Levied & Contributions in Lieu	(206.237)
86.175	Reliefs & Other Deductions	66.778
0.000	Payment of Interest	0.000
0.941	Debts Written Off and Allowance for Impairment	0.837
(125.438)	Net Non-Domestic Rate Income	(138.622)
7.510	Adjustment to previous years National Non-Domestic Rates	10.859
0.000	Non-domestic rate income retained by authority (TIF)	0.029
(117.928)	Contribution to Non-Domestic Rate Pool	(127.734)
(111.709)	Distribution from Non-Domestic Rate Pool	(135.763)
(111.709)	Non-Domestic Rate Income to the CIES	(135.763)

Analysis of Rateable Values at 31 March 2022	Number of Subjects	Total £m	%
Type of Subject			
Shops	3,359	79.719	19.56
Public Houses	248	5.605	1.38
Offices (including banks)	2,372	25.875	6.35
Hotels, Boarding Houses etc	177	9.568	2.35
Industrial and Freight Transport Subjects	3,417	73.327	17.99
Leisure, Entertainment, Caravans and Holiday sites	1,304	14.083	3.46
Garages and Petrol Stations	184	2.031	0.50
Education and Training	218	31.544	7.74
Public Service Subjects	491	18.910	4.64
Communications (Non Formula)	27	2.580	0.63
Quarries, Mines etc.	32	1.094	0.27
Petrochemical	12	13.429	3.30
Religious	322	3.962	0.97
Health/Medical	67	8.422	2.07
Care Facilities	336	10.511	2.58
Undertaking (including Scottish Water)	57	96.479	23.68
Cultural	68	1.623	0.40
Sporting Subjects	588	1.025	0.25
Advertising	42	0.235	0.06
Other	1,404	7.431	1.82
Total all Non-Domestic Subjects	14,725	407.453	100.00%

Explanatory Note

Non-Domestic Rates is a tax on the occupation of non-domestic land and property which is entered in the Valuation Roll. The amount levied is calculated by multiplying the Rateable Value by the Rate Poundage, which is prescribed by Scottish Government. For 2021-22 this rate was 49p (2020-21, 49.8p) which is uniform throughout Scotland. A rate poundage of 50.3p (2020-21, 51.10p) applies to properties with a rateable value of more than £51,000 but less than £95,000. A rate poundage of 51.6p (2020-21, 52.4p) applies to properties with a rateable value of more than £95,000. There are several types of rate reliefs which are available in certain circumstances.

The valuation of all Scottish Water utilities are valued by the Fife Assessor and is shown on the Fife Assessment roll. This income is included within the Net Non-Domestic Rate Income shown above.

The Council Tax Income Account shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement. By law, the Council is required to bill and collect water and sewerage charges for Scottish Water however these are excluded from the Council's accounts except for any cash collected not yet paid over at the financial year end.

2020-21 £m		2021-22 £m
	Gross Tax Levied	
(226.871)	Council Tax	(228.399)
(0.323)	Council Tax - Prior Year Income	(0.148)
(0.579)	Contributions in lieu	(0.552)
(227.773)		(229.099)
	Deductions	
22.627	Council Tax Reduction	22.159
29.458	Discount and Exemptions	29.316
4.102	Debts Written Off and Allowance for Impairment	4.067
0.797	Prior Years Adjustments	0.964
56.984		56.506
(170.789)	Council Tax Income to CIES	(172.593)

Charges Levied

Council Tax payable is dependent on the valuation band of a dwelling and is payable on any dwelling which is not determined as Exempt. Discounts and exemptions as specified in legislation can be applied to the gross charge.

Valuation Band (£)	A	B	C	D	E	F	G	H
	Up to 27,000	27,000 -35,000	35,001 -45,000	45,001 -58,000	58,001 -80,000	80,001 -106,000	106,001 -212,000	Over 212,000
2021-22 charges (£)	853.87	996.18	1,138.49	1,280.80	1,682.83	2,081.30	2,508.23	3,137.95
2020-21 charges (£)	853.87	996.18	1,138.49	1,280.80	1,682.83	2,081.30	2,508.23	3,137.95

Band D equivalent properties

The table below shows an analysis of properties at 31 March 2022 across valuation bandings. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers (e.g. single occupants) with reductions also granted to properties with certain attributes that are the sole and main residence of permanently disabled persons. The table converts the total number of properties into band D equivalents including a provision for non-payment.

Number of Dwellings	Total	Band								
		A(Dis)	A	B	C	D	E	F	G	H
Total Dwellings	180,972	0	40,353	48,739	24,042	21,594	24,444	14,394	6,892	514
Disabled Relief	0	73	139	(81)	7	99	(110)	(56)	(67)	(4)
Exemptions	(7,436)	0	(2,132)	(1,820)	(1,111)	(827)	(817)	(456)	(185)	(88)
Discounts	(19,791)	(9)	(6,563)	(5,483)	(2,719)	(2,008)	(1,755)	(809)	(403)	(42)
	153,745	64	31,797	41,355	20,219	18,858	21,762	13,073	6,237	380
Band D Ratio			240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360
	153,210	36	21,198	32,165	17,972	18,858	28,593	21,243	12,215	930
Non-payment provision-2.1%	(3,217)	(1)	(445)	(675)	(377)	(396)	(600)	(446)	(257)	(20)
Band D Equivalent	149,993	35	20,753	31,490	17,595	18,462	27,993	20,797	11,958	910

Introduction

The introduction of LASAAC guidance "Accounting for the Common Good", in December 2007, sets out the disclosure requirements for Common Good funds and requires that authorities prepare an Explanatory Foreword, a Comprehensive Income and Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council's accounting policies.

History and Background

The Common Good Fund relates to particular former Burghs and is administered by Fife Council who, as required by the Local Government (Scotland) Act 1973 must have regard to interests of inhabitants of the area to which the common good formerly related. There are 22 common good funds consolidated into the financial statements.

Common Good funds consist of a number of assets and properties, these being land and buildings, investments and cash balances. These assets provide sources of income to the fund such as rent, interest and investment income. The first call on this income is the maintenance and up-keep of Common Good properties. Thereafter the income is available for distribution in the interests of the inhabitants of the area where the fund was originally established. All expenditure of this nature is subject to a grant application and an approval process.

Financial Statements

The CIES records the income generated from rents, interest, investment income and any profit from sale of assets. Expenditure represents the costs incurred in relation to the Common Good Fund, such as repairs and maintenance, depreciation and disbursements. There was no significant movement in the value of investments held by Common Good in the year.

The presentation of the Movement in Reserves statement and Balance Sheet has changed. The Capital Reserve is now shown separately from Revaluation Reserve and classified as a Useable Reserve in line with the "Accounting for the Common Good" guidance referred to above.

Common Good Movement in Reserves Statement (Restated)

	Useable Reserves Revenue £m	Capital Reserve £m	Revaluation Reserve £m	Total Reserves £m
Opening Balance 1 April 2020	(4.454)	(1.408)	(2.574)	(8.436)
<u>Movement in Reserves during 2020-21</u>				
(Surplus) or deficit on provision of services	(0.906)	0.000	0.000	(0.906)
Other Comprehensive Expenditure and Income	0.000	0.000	(0.032)	(0.032)
Total Comprehensive Income & Expenditure	(0.906)	0.000	(0.032)	(0.938)
Adjustments between accounting & funding basis	(0.049)	(0.015)	0.064	0.000
Transfers between Reserves	0.000	0.000	0.000	0.000
(Increase)/Decrease in year	(0.955)	(0.015)	0.032	(0.938)
Balance at 31 March 2021 carried forward	(5.409)	(1.423)	(2.542)	(9.374)
<u>Movement in Reserves during 2021-22</u>				
(Surplus) or deficit on provision of services	(0.500)	0.000	0.000	(0.500)
Other Comprehensive Expenditure and Income	0.000	0.000	(0.401)	(0.401)
Total Comprehensive Income & Expenditure	(0.500)	0.000	(0.401)	(0.901)
Adjustments between accounting & funding basis	0.250	(0.290)	0.040	0.000
Transfers to/(from) Fife Council Reserves	0.000	0.041	(0.102)	(0.061)
Transfers between Reserves	0.034	(0.034)	0.000	0.000
(Increase)/Decrease in Year	(0.216)	(0.283)	(0.463)	(0.962)
Balance at 31 March 2022 carried forward	(5.625)	(1.706)	(3.005)	(10.336)

Common Good Comprehensive Income and Expenditure Statement

2020-21 £m		2021-22 £m
	Expenditure	
0.053	Property Costs	0.028
0.222	Donations	0.168
0.089	Depreciation and Revaluations	0.054
0.010	Other Expenditure	0.004
0.374	Total Expenditure	0.254
	Income	
(0.132)	Interest on investments	(0.158)
(0.233)	Rents	(0.233)
(0.092)	Other Income	0.000
(0.457)	Total Income	(0.391)
(0.005)	Other Income and Expenditure	(0.068)
(0.643)	(Gain)/ Loss on Revaluation of Investment Fund	(0.003)
(0.175)	Capital Grant Received	(0.292)
(0.823)	Other Operating Income and Expenditure	(0.363)
(0.906)	(Surplus)/Deficit for year	(0.500)
(0.032)	Other Comprehensive Expenditure & Income	(0.401)
(0.938)	Total Comprehensive Expenditure & Income	(0.901)

Common Good Balance Sheet

2020-21 (Restated) £m		2021-22 £m
3.965	Heritable Property	4.711
3.826	Investments	3.829
7.791	Long Term Assets	8.540
1.545	Advances to Loans Fund	1.762
0.038	Sundry Debtors	0.034
1.583	Current Assets	1.796
0.000	Sundry Creditors	0.000
0.000	Current Liabilities	0.000
9.374	Net Assets/(Liabilities)	10.336
	Financed by:	
(5.409)	Useable Reserves: Revenue	(5.625)
(1.423)	Useable Reserves: Capital	(1.706)
(2.542)	Unusable Reserve: Revaluation Reserve	(3.005)
(9.374)	Total Reserves	(10.336)

The unaudited accounts were issued on 30th June 2022. and the audited accounts were authorised for issue on 28th November 2022.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Introduction

The Council is Trustee for 81 Charitable Trusts consolidated into these financial statements, comprising of an Explanatory Foreword, a Movement in Reserves Statement, a Comprehensive Income and Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council's accounting policies.

The Council has 44 Trusts registered as charities and governed by the rules of the Office of Scottish Charities Regulator (OSCR), for which separate consolidated financial statements have also been prepared, with the remaining 37 Trusts non-registered charities. The Council also prepares separate financial statements for those charities where the Authority, or some members of the Authority, are sole trustees of the charity. These separate statements are available from Finance & Corporate Services, Fife Council, North Street, Glenrothes, KY7 5LT.

History and Background

Charities and Trust funds have been set up from donations made by various individuals and organisations over many years and consist of a number of assets such as land & buildings, investments and cash balances. These assets provide income from rent, interest and investments which is available for distribution in the interests of the beneficiaries of the trusts, subject to approval, ensuring that resources are available to meet continuing future requirements. In accordance with the Local Government (Scotland) Act 1973, Fife Council, as administrator of the funds, must have regard to the interests of beneficiaries for which each fund was established. The major trust administered by the Council is Fife Educational Trust whose main purpose is to promote education and reward educational achievement, through providing prizes, bursaries, scholarships, grants and equipment.

Financial Statements

The CIES records income generated and any profit from sale of assets. Expenditure represents costs incurred in relation to disbursements from the various Charities and Trust funds in accordance with individual trust conditions. The valuation of investments increased by £0.105m in the year.

2020-21 Total £m	Summary of balances held at 31st March	Other Trust Funds £m	Registered Charities £m	2021-22 Total £m
(1.982)	Fife Educational Trust	0.000	(2.116)	(2.116)
(0.055)	Community Funds	(0.048)	0.000	(0.048)
(2.643)	Other Trusts/Charities	(0.958)	(1.572)	(2.530)
(4.680)		(1.006)	(3.688)	(4.694)

	Useable Reserve £m	Unusable Reserve £m	Total Reserves £m
Opening Balance 1 April 2020	(4.163)	(0.005)	(4.168)
<u>Movement in Reserves during 2020-21</u>			
(Surplus) or deficit on provision of services	(0.515)	0.000	(0.515)
Other Comprehensive Expenditure and Income	0.000	0.003	0.003
Total Comprehensive Income & Expenditure	(0.515)	0.003	(0.512)
Balance at 31 March 2021 carried forward	(4.678)	(0.002)	(4.680)
<u>Movement in Reserves during 2021-22</u>			
(Surplus) or deficit on provision of services	(0.014)	0.000	(0.014)
Other Comprehensive Expenditure and Income	0.000	0.000	0.000
Total Comprehensive Income & Expenditure	(0.014)	0.000	(0.014)
Balance at 31 March 2022 carried forward	(4.692)	(0.002)	(4.694)

2020-21 Total £m		2021-22		Total £m
		Other Trust Funds £m	Registered Charities £m	
	Expenditure			
0.269	Disbursements	0.181	0.054	0.235
0.015	Other Expenditure	0.000	0.014	0.014
0.284	Total Expenditure	0.181	0.068	0.249
	Income			
(0.098)	Interest on investments	(0.034)	(0.124)	(0.158)
0.000	Other Income	0.000	0.001	0.001
(0.098)	Total Income	(0.034)	(0.123)	(0.157)
(0.701)	Financing and Investment Income and Expenditure	(0.004)	(0.102)	(0.106)
(0.515)	(Surplus)/Deficit for year	0.143	(0.157)	(0.014)
0.003	Asset revaluations recognised in Revaluation Reserve	0.000	0.000	0.000
0.003	Other Comprehensive Expenditure & Income	0.000	0.000	0.000
(0.512)	Total Comprehensive Income and Expenditure	0.143	(0.157)	(0.014)

2020-21 Total £m		2021-22		Total £m
		Other Trust Funds £m	Registered Charities £m	
0.002	Heritable Property	0.000	0.002	0.002
3.427	Investments	0.814	2.718	3.532
3.429	Long Term Assets	0.814	2.720	3.534
1.229	Advances to Loans Fund	0.186	0.942	1.128
0.022	Sundry Debtors	0.006	0.026	0.032
1.251	Current Assets	0.192	0.968	1.160
0.000	Sundry Creditors	0.000	0.000	0.000
0.000	Current Liabilities	0.000	0.000	0.000
4.680	Net Assets/(Liabilities)	1.006	3.688	4.694
	Financed by:			
(4.678)	Usable Reserves	(1.006)	(3.686)	(4.692)
(0.002)	Unusable Reserve - Revaluation Reserve	0.000	(0.002)	(0.002)
(4.680)	Total Reserves	(1.006)	(3.688)	(4.694)

The unaudited accounts were issued on 30th June 2022. and the audited accounts were authorised for issue on 28th November 2022.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Fife 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 council and group Expenditure and Funding Analysis, Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, the council-only Housing Revenue Account (HRA) Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Non-Domestic Rate Income Account, the Council Tax Income Account, the Common Good Movement in Reserves Statement, the Common Good Comprehensive Income and Expenditure Statement, the Common Good Balance Sheet, the Charities and Trust Funds Movement in Reserves Statement, the Charities and Trust Funds Comprehensive Income and Expenditure Statement, the Charities and Trust Funds Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my 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

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

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Executive Director Finance and Corporate Services and Fife Council for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Executive Director Finance and Corporate Services is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director Finance and Corporate Services 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 Executive Director Finance and Corporate Services 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

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

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

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

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

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

Reporting on other requirements

Opinions prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my 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 Executive Director Finance and Corporate Services is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Corporate Governance Statement 2021-22, Statement of Responsibilities for the Statement of Accounts and the unaudited part of the Remuneration Report.

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Corporate Governance Statement 2021-22 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 Corporate Governance Statement

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Brian Howarth ACMA CGMA
Audit Director
Audit Scotland
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8 Nelson Mandela Place
Glasgow, G2 1BT

