



**UNAUDITED ANNUAL ACCOUNTS**  
**FOR THE PERIOD**  
**1 APRIL 2023 TO 31 MARCH 2024**

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## Management Commentary

### Introduction

The purpose of the management commentary is to inform users of the Annual Accounts and help them assess how the Council has performed during 2023/24 and understand our financial performance for the year to 31 March 2024. It also provides an insight into the medium-term financial planning we undertake to provide financial stability, to allow our customers to have confidence that we can continue to provide the diverse portfolio of services on which they rely. Our performance reporting and core financial statements for 2023/24 meet the requirements of the Council and of the London Stock Exchange (LSE) and provide financial transparency for citizens of the City and beyond.

This publication represents the Annual Accounts of both Aberdeen City Council (the Council) and its group for the year ended 31 March 2024, which have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code). The Code is based on International Financial Reporting Standards (IFRS) and as such the accounts provide a reconciliation between the two reporting methodologies.

The option to defer the implementation of the new IFRS 16 for Lease Accounting until 1 April 2024 that was issued in 2021/22 remains in place. This standard would have replaced IAS 17 and removes the operating classification for leases, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts. With the new standard all leases will be considered finance leases unless they meet the specific exception criteria. The Council has decided to defer implementation at this time.

The Accounts Commission has appointed Audit Scotland as External Auditors for the Council for the five years period commencing 2022/23 and ending 2026/27. The Council worked to its previously planned timetable for presentation of the unaudited Annual Accounts to Audit Risk and Scrutiny Committee in May 2024 with approval of the audited Annual Accounts planned for 27 June 2024.

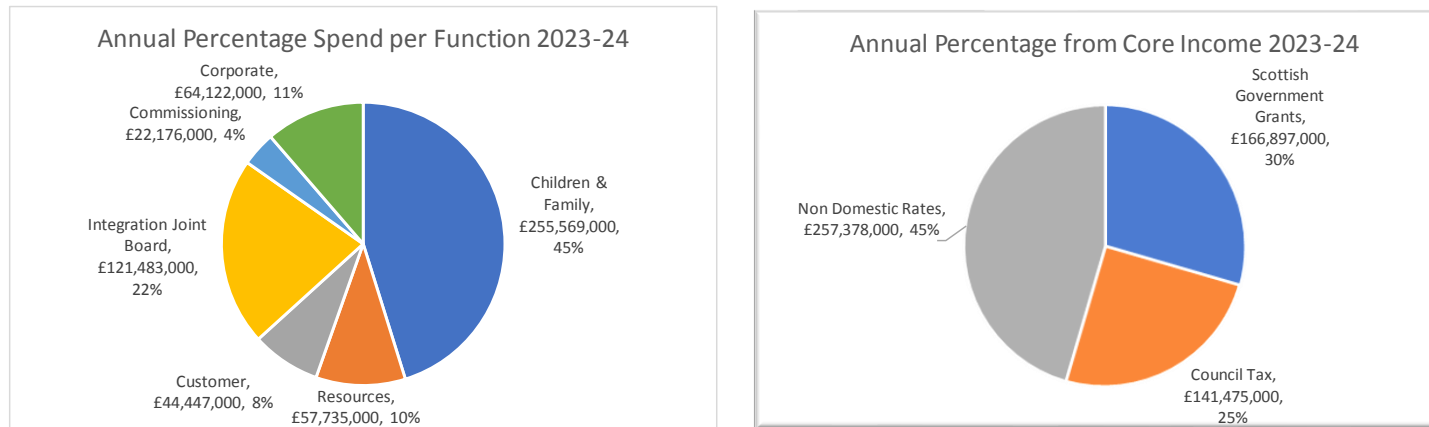
The Audit Scotland, External Audit Strategy will be reported to the Audit, Risk and Scrutiny Committee on [9th May 2024](#). This sets out risks that may require to be mitigated in the preparation of the 2023/24 accounts that was reviewed by External Audit. Full details can be viewed at the Council's website in Committee reports for the meeting at the link above.

### Highlights from 2023/24

Aberdeen City Council is the main provider of services to the City's citizens and those who visit, work, and do business in the city encompassing the wider North East population. Our resources are focused on the provision of Education, Social Work, Housing, Environmental and Community services, as well as supporting investment in the City's infrastructure.

In 2023/24, the Children and Family Services Function was our largest spending responsibility, accounting for £256 million of our total £501 million net service expenditure. We provided Education and Integrated Children's Services to over 25,000 children. The Resources Function supplied Operational and Protective services including roads, and waste collection services at a cost of £58 million. £44 million was spent on our Customer Function that includes support for those who are homeless and community and customer facing services. £121 million was invested in Adult Social Work services as our contribution to the Integration Joint Board partnership with NHS Grampian. The balance of £22 million was spent on the Commissioning Function. Corporately we incurred costs of £61 million, £43 million of which was the cost of interest on borrowing. Expenditure on Council Housing was £105 million, managing and maintaining over 23,258 homes, and was funded entirely from housing rents and associated charges.

In 2023/24, we received income of £566 million, comprising £257 million and £142 million raised locally through non-domestic rates and council tax respectively, whilst £167 million was received from government grants.



### The City Council's Revenue Position

In setting its 2023/24 General Fund (GF) budget on [1 March 2023](#) against a backdrop of a reducing revenue grant and £46.6 million of budget savings, the budget gap was proposed to be met by a range of savings options. These included alterations to the Non-Domestic Rates Empty Property Relief Scheme, a 5% increase in Council Tax, a redesign of Council services to address demand in line with a commissioning led approach; the use of a Scottish Government permitted fiscal flexibility, and the use of earmarked reserves to maintain services and fund priorities. The budget report and minute sets out the detailed proposals, risks, and assumptions behind the future financial proposals.

The legacy and continuing impact of the Covid-19 pandemic continued to be felt by the Council during 2023/24, in relation to supporting our citizens and our city, and in terms of the impact on Council finances. The slow recovery of income has been challenging with customer behaviour from the pandemic having a longer-lasting effect than had been expected. This has been particularly relevant with car parking income, venue and events income, and commercial property receipts.

High inflation has had the result of increasing the cost of government borrowing, increasing borrowing rates for individuals, businesses, and the public sector at large, with local authorities seeing significant increases in borrowing rates through the PWLB. The cost of new borrowing has increased and with inflation and construction inflation at high levels also being key factors, the Council has seen the cost of capital investment rise substantially for both the General Fund and the Housing Revenue Account. The higher levels of RPI have had an impact on the Bond repayments and the lease cost that the Council pays for Marischal Square. The high cost of energy has affected almost all the Council's services during 2023/24, and the influence of increasing inflation that reached 40-year high in 2022/23, although now lower it continues to affect the cost of goods and services to the Council.

Demand has continued to rise for our services this year, with attention being drawn to changes in our population, specifically rising school rolls, which are on the back of increased numbers of families in the city, whether through the dispersal and resettlement schemes, welcoming those fleeing harm and seeking sanctuary, and through the University schemes to attract international students to the City, with their families. While funding of a one-off nature has been provided by UK and Scottish Governments for these resettlement schemes our costs have risen particularly in providing education, and children and families services. Increased homelessness presentations are also affecting our finances with significant levels of temporary accommodation being needed. The Council has also been required to address the Ukrainian refugee situation with over 1,300 people being supported in the city in 2023/24, and while income has been received from both UK and Scottish Governments to support services, much of this is one-off funding and unspent funds are being carried forward to support ongoing expenditure.

Approved in the budget for 2023/24 the Council applied the fiscal flexibility to the accounting treatment of its service concession arrangements, as detailed in the Local Government finance circular 10/2022. The Council has two such arrangements – the 3Rs Schools, and Lochside Academy. The accounting treatment of the debt profile has been amended to spread them over the useful lives of the asset rather than the contract lives. The contract lives were 31 years and 26 years respectively. These have been recalculated using the

annuity method over the 60 years useful life. A total saving of £39.886m was released to the general fund earmarked reserves from Unusable Reserves. This comprised a £35.179m pre 2023/24 saving, and £4.707m saving for 2023/24.

The final operational out-turn position was a balanced budget on the General Fund. After considering group accounting adjustments and movements in reserves and a £1.525 million deficit on the Housing Revenue Account, there was an overall deficit for the Council of £1.525 million - details are as noted in the Revenue section on page 11. This will be reported to the Finance & Resources Committee on [8 May 2024](#).

The Council approved the revised reserves policy in March 2024. Usable reserves stood at £155 million as at 31 March 2024, a decrease of £1 million on the previous year.

### **The Council's Capital Position**

The supply chain disruption which began during the Covid-19 pandemic continued in 2023/24 and is reflected in the total £234 million investment recorded for the Capital Programme for the year. The Construction Industry continued to experience shortages of products, raw materials, staffing and logistical support across the UK, compounded by the largest increase in energy prices seen in recent years. The Red Sea disruption also exacerbated supply chain issues for some commodities.

Despite the continued and emerging challenges faced this year, progress was made on a range of projects:

- The Energy from Waste (EfW) facility achieved its Acceptance Certificate on 12 December 2023, and formally moved into the 20 year Services (operations) phase of the contract. This was a project being carried out in collaboration with Aberdeenshire and Moray Councils, to avoid waste being sent to landfill in future and use those resources for the production of electricity, and heat for the Torry Heat Network.
- South College Street Junction Improvements (Phase 1) as at the start of July 2023 all project roads and junctions reopened. The works are now complete with additional lanes on Palmerston Place and South College Street between its junctions with Wellington Place and Riverside Drive fully operational. The new North Esplanade West/ Palmerston Place junction is also in use.
- Construction commenced on the new North East Scotland Shared Mortuary in Aberdeen, a multi-agency project with local public sector partners. The project is currently expected to be complete in late Autumn/Winter 2024/25. The operating agreement between Partners is currently being drafted.
- Tillydrone Cruyff Court works have progressed with a completion date of Spring 2024 this is dependent on weather conditions for surfacing works..
- Work commenced on the Tolbooth roof and parapet works (Condition & Suitability Programme) in June 2023 with completion planned for Autumn 2024 however this is likely to be delayed due to the additional works being required as new areas of dilapidation are uncovered. This is typical with repairs works to the external fabric of a 17<sup>th</sup> century building
- The Council continued its commitment to its New Schools and Early Learning programmes. Greyhope School & Community Hub was completed in October 2023, Works on the Tillydrone Primary School (New Riverbank Primary School) is progressing on site despite some delays due to the weather. And Bucksburn Temporary Accommodation is now in operation.
- The Council on 6 March 2024 renewed their commitment to the School Estate Plan, based on need and condition, and the commitment to build a new Hazlehead Academy, the building of a new school building for Riverbank Primary, create a refurbished and expanded home for St Peter's Primary and investment in Victorian school buildings.
- Design development work has continued across a portfolio of projects in and around the city centre and Financial Close is expected to be concluded soon with regard to the New Market, Union Street Central and Beach Phase A projects.

The fire at Altens East Recycling and Recovery Centre in July 2022 devastated the site, the demolition and rebuild that has now commenced is subject of insurance claims by the Council and the operator, Suez Recycling and Recovery UK Ltd. The loss of the materials recycling sorting equipment meant recycling collections have to be transferred to Hartlepool, which has compromised the Council's income from recycle sales. It is unlikely these income streams can be reinstated until the rebuild is complete and activity can recommence at Altens East.

Following a review of its properties the Council has discovered the presence of Reinforced Autoclaved Aerated Concrete (RAAC) Planks in a small number of public buildings and also identified RAAC in some of its housing stock in the Balnagask area of the city. Details of this have been published by the Council and can be found [here](#). An options appraisal is currently underway and this will determine the actions to be taken going forward, these could include remediation work or demolition.

In the Housing Capital Programme progress has been delayed in areas which involve mixed ownership, for example in the Free from Serious Disrepair category structural improvements within the multi storeys and flat roofs. Prioritisation of work on voids has continued which has shifted resources from capital to revenue works during the year. This has resulted in lower than budgeted spend on heating system replacement, kitchens, and bathrooms. The programmes that we ren't delivered in 2023/24 have been rolled forward into 2024/25.

The 2,000 new homes programme is progressing well with further homes at the Tillydrone, Cloverhill and Summerhill sites being handed over to the Council in 2023/24. The programme in 2023/24 has included developer led projects such as Cloverhill in Bridge of Don, Council led projects such as Kaimhill, Tillydrone and Summerhill with work on Craighill and Kincorth currently being suspended. The decision was taken to retender the works at Craighill and Kincorth.

Contingent liabilities were identified considering additional project cost uncertainty, details can be seen on page 126. The changing profile of capital expenditure will be reflected in future capital financing plans and the capital programme adjusted accordingly.

The impact on the funding of the Capital programme is that there was a lower borrowing requirement in 2023/24 than originally expected. Ongoing scrutiny and monitoring of the various Capital projects is the responsibility of the Finance and Resources Committee with the most recent project update being presented to this committee on [13 March 2024](#). Progress of the major Housing Capital projects are reported to Communities, Housing and Public Protection Committee with the most recent update reported on [28 March 2024](#).

### **The City Council's Group**

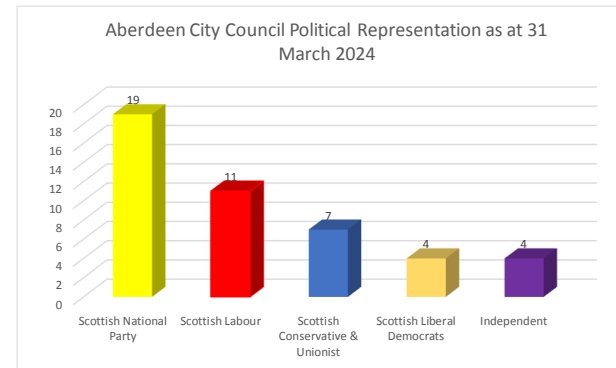
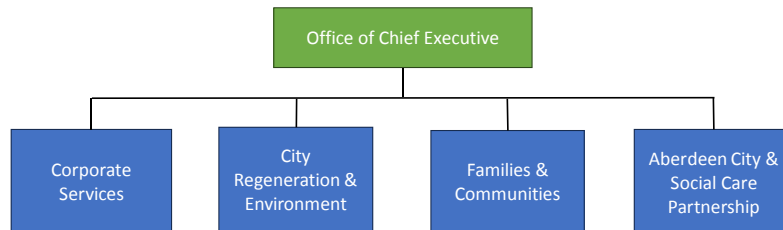
The Council has a number of Arm's Length External Organisations (ALEOs), several of which form part of our group and are reflected in the group accounts on pages 158 to 176. Significant investment is made in ALEOs by the Council, and proper consideration must be given to their performance and governance arrangements. All ALEOs were affected by the pandemic and were fully supported and monitored by the Council during this time. Assurance was also taken from reserves positions of many, in light of the impact on their financial sustainability. By April 2022 all were fully operational again to external customers. The Council's ALEO Assurance Hub is in place to scrutinise a range of information including operational and financial performance and people and risk management. This provides a strong platform from which to ensure review of the performance of ALEOs is embedded in the Council's culture.

### **The Council and Our Plans and Performance**

**Who we are** - We are one of 32 Councils in Scotland. We have 9,710 employees and their commitment, professional approach and expertise is critical to service delivery. The very nature of our services is such that we employ a diverse range of talented people including teachers, social workers, craft and trades workers, community and housing support workers, engineers, solicitors, accountants, roads and waste operatives, carers, managers, team leaders and administrators, to name but a few.

The organisational structure in 2023/24 was a 4 Director Model (plus the Aberdeen City & Social Care Partnership). During 2023/24 a review of the structure was undertaken with a view to amend the senior management arrangements at Director and Chief Officer level. With the retirement of the Director of Resources in March 2024, the structure was approved by Council, and with effect from April 2024 will be altered to a 3 Director Model, see diagram below. New portfolios, changing the way specific Clusters and services are managed and delivered was incorporated and full details of the restructure were reported to Council on [7 February 2024](#).

### Aberdeen City Council Structure from 1 April 2024



- **What we do** - Our governance is overseen by 45 members who are elected every 5 years by the citizens of Aberdeen. Following the Local Government Election on 5 May 2022, a partnership was formed by the Scottish National Party (SNP) and Liberal Democrats.
- **Council Leaders** – In May 2022, at the [Statutory meeting of the Council](#), Councillors Alex Nicoll and Ian Yuill were appointed as co-leaders of the Council. Councillor Christian Allard was appointed co-leader of the Council following a meeting of the [Urgent Business Committee](#) on 23 May 2023, replacing Councillor Alex Nicoll who had announced he was stepping down.
- **Our goals and plans** - The Council operates across different planning levels from the North East region to individual localities, whilst internally planning from the corporate level to individual members of staff. Our key documents can be found below and are available to view on the Council's website as detailed.

#### • **Council Delivery Plan 2023/24**

On 1 March 2023 the Council Delivery Plan 2023/24 was approved. Full details can be viewed [here](#). The plan continues to build on the achievement of the council vision. The Council Delivery Plan sets out the Council's contribution to:

- Aberdeen City's Local Outcome Improvement Plan
- The Council's Policy Statement • National, Regional and City Strategy
- New & emerging legislative duties

Each of these establishes a range of commitments and requirements and the Council Delivery Plan identifies how the Council will meet these for 2023/24.

The 'Performance Management' section of the plan explains how we monitored and tracked progress to ensure successful delivery.

The Delivery Plan is aligned to further key documents below:

#### • **Strategy Framework**

On [6 October 2021](#) the Strategic Commissioning Committee approved the commissioning of strategies that aim to set out the Council's contribution to the delivery of LOIP outcomes. The Strategies under development continue to be refreshed and are updated in the [Council Delivery plan 2023/24](#).

#### • **Local Outcomes Improvement Plan (LOIP)**

The LOIP was adopted during 2016/17, establishing improvement outcomes and associated measures for a ten-year period, to be monitored and reported, in terms of outcomes, to the Community Planning Aberdeen (CPA) Board. The LOIP was refreshed in 2021 and approved by the CPA Board on 7 July 2021, this followed

an extensive development process which started with the revised Aberdeen City Population Needs Assessment (PNA) for 2021. A refreshed LOIP as at February 2024 is currently out for consultation and scheduled to go to the CPA board on 29<sup>th</sup> April 2024. Full details can be viewed at the Council's website in Committee reports for the stated date. The LOIP can be viewed on the website of [Community Planning Aberdeen](#).



- **Policy Statement**  
Following the Local Government elections in early May 2022, Council ([18 May 2022](#)) agreed that the priorities for the next five years would be as stated in the Policy Statement "Working in Partnership for Aberdeen".



- **Climate Change response and Net Zero Vision**

Council approved on [28 February 2022](#) a citywide approach to addressing climate change, as articulated through a Net Zero Aberdeen Routemap which sets a net zero target for Aberdeen City by 2045 across six themes and the refreshed Aberdeen Adapts, providing a climate adaptation framework for Aberdeen.

The two significant local drivers behind Net Zero Aberdeen and Aberdeen Adapts are the Economic Policy Panel's recommendations and Moodie's credit rating, the recent assessment of which noted that for overall environmental risk, Aberdeen scored neutral to low (E-2), reflecting low exposure across all categories, but a moderately negative exposure to carbon transition risks given the significant dependence of the city on the oil and gas sector, an issue which the route map now sets out to address.

Based on the data available and looking at the greatest areas of challenge, six themes were identified. The aim of this first iteration of the Routemap, and of the strategies, is to set that strategic direction for achieving the net zero position and acts as an enabling framework to support the subsequent detailed work required to achieve this goal under those six themes, which are: - Mobility, Energy Supply, Buildings and Heat, Circular Economy, Natural Environment and Empowerment. Each theme will require a whole system approach and must be shaped and delivered by businesses, communities and the public and third sectors. There is no one single body or organisation that can achieve the overall aim and while some organisations will have larger roles across the different individual themes everyone across the city has a role to play. The Routemap is also clear that there are significant interdependencies across all the themes. The Empowerment theme is probably the greatest example of this with behaviour change now accepted as having the greatest opportunity to reduce emissions across all of themes.

On 9 May 2023 a [Draft Net Zero Workplan 2023/24](#) for partnership activity to support delivery of Net Zero Aberdeen and Aberdeen Adapts was presented to the Net Zero Environment and Transport Committee for approval.

Aberdeen City Council introduced a Low Emission Zone (LEZ) in Aberdeen city centre on 30 May 2022 with a two year grace period. This means that between May 2022 and 31 May 2024, drivers will not be fined for entering the LEZ with a non-compliant vehicle. Enforcement of the LEZ will start on Saturday 1 June 2024. Costs of £453k were incurred in 2023/24, these were funded by a Scottish Government grant.

The Aberdeen City Low Emission Zone (LEZ) is being introduced to address air pollution in the city centre, mainly nitrogen dioxide (NO<sub>2</sub>), caused by road traffic. A low emission zone (LEZ) is an area where only certain vehicles are allowed to enter based on their emissions standards. There are low emission zones (LEZ) being introduced to the four biggest cities in Scotland - Aberdeen, Edinburgh, Glasgow, and Dundee in line with legislation issued by the Scottish Government - [The Low Emission Zones \(Scotland\) Regulations 2021](#).

- **The Target Operating Model**

Through our ambitious programme of change, begun in 2017, the Council has transformed its organisational design; its governance arrangements; its approach to strategic planning and commissioning of services; its use of technology and digital services; fundamental change in service delivery for customers; the nature and role of our workforce; and how the organisation works collaboratively with its partners. This Delivery Plan shows, throughout, how the operating model supports the planning, commissioning and delivery of services and allows the Council to meet the range of commitments for the people and place of Aberdeen. The original governance structure aligned to the model was approved on [6 March 2018](#), with the Scheme of Governance refreshed annually thereafter.

The current global social, economic, and environmental challenges, including the legacy and continuing impact of Covid-19; inflation and the increasing cost of living; and climate change are also being felt acutely by the city and people of Aberdeen. This makes it imperative that we extend and accelerate many aspects of our journey of change, including our joint working with partners; digital access to services; and the use of data to identify those most in need. To support the necessary scale of transformation, in August 2022 the Council agreed a new Target Operating Model (TOM 1.2) for 2022-27, including identifying the investment required to enable change and release the level of savings outlined in the Council's Medium Term Financial Strategy. TOM 1.2 includes:

- An ambitious transformation programme for the Council

- Key programmes of multi-agency transformation to tackle areas where shared demand pressures exist and can be mitigated through whole system reform.
- And strategies to further modernise enabling services including Estates and Assets; Customer, Digital and Data; Workforce; and Intervention and Prevention

The key documents can be found at the Council website in Committee reports for the Council meeting in [August 2017](#), and [August 2022](#).

In [February 2024](#) a report was presented to Council to amend the Tom 1.2 functional structure to a Three Director Model following on from the retirement of the Director of Resources, with amended Tier 2 Functions of Children Families & Communities, Place and Corporate Services, alongside the Health & Social Care Partnership. This new structure will be effective from 1 April 2024.

- **[Regional Economic Plan](#)**

Approved in December 2015, providing a twenty-year vision for the well-being of the place and our people through a longer-term plan for economic development. Full details can be viewed on the Council's website in Committee Reports for the Council meetings on [16 December 2015](#). Details of the updated action plan for 2018-2023 can be viewed in Committee Reports for the City Growth and Resources Committee on [19 June 2018](#). Further information on the economic impact of Covid-19 and the council's Socio-Economic response is set out below in the section on Outlook including Risks and Uncertainties.

### Investing in our workforce

Investing in the future is an important outcome for us. However, investing is not just about infrastructure and buildings. We recognise that the ultimate success of our plans for the city depends on the quality of our workforce – and that has been even more so in response to, and since the Covid-19 pandemic. We have continued to make significant investment in developing staff capability at all levels to ensure the long-term sustainability of our workforce. During 2023/24, under the responsibility of our Staff Governance Committee, we have continued to strengthen the ACC Workforce Plan, Capability Framework and our new approach to Leadership and Management Development. The Council Delivery Plan for 2023/24 describes our continued activities.

### Engaging with our staff

The Workforce Delivery Plan approved [30 January 2023](#) by the Staff Governance Committee forms part of the TOM 1.2. The purpose of our workforce strategy is to take the organisational learning from our transformation since 2017, an appreciation of the shifting local and national context, the challenges faced by all councils and the need to drive change, to set out our path of workforce transformation for the next 5 years that will build the workforce of the future. We will achieve these outcomes through the following levers with objectives aligned to each:

- Right structures – setting up our structures in a way that supports our cultural aspirations.
- Right people – building our capacity through attracting, recruiting, and moving talent.
- Right skills – building capability through awareness, desire, knowledge, and ability.
- Right place – working where and when is best for the work and the customer.
- Right support – supporting employees to thrive, personally and professionally.

People Managers at Aberdeen City Council play a crucial role in our cultural transformation: in aligning their teams with the strategic aims; supporting them through challenges; and ensuring they have the right skills and working environment to thrive. Our [Leadership & Management Development Programme](#) ensures that the behavioural context for this group is in place to support the evolving TOM 1.2 structure going forward. Five core capabilities run throughout the capability and development frameworks for all People Managers and Chief Officers. These capabilities have been built around our Guiding Principles, which were built by employees and for employees. So, in addition to aligning employees to our strategic goals, the Capability Framework reinforces the culture needed from, and desired by, our workforce.

### Diversity at work

As an equal opportunity employer, we comply with our obligations under the Equality Act 2010. As a diverse city we have a diverse workforce and operate with a culture which is open, fair, and transparent where any unlawful or unfair discrimination, prejudice, stereotyping, or harassment is challenged and addressed. We maintain pay equality within and across our workforce.

## Our Relationship with Scottish and UK Governments

Annually, the Council receives grant funding from the Scottish Government. While core funding underpins many of the Council services, additional funding from fees and charges, raising money locally is crucial to supporting the breadth and depth of services the Council is able to provide. The support provided by both Governments to address the costs of the resettlement of refugees, in particular those fleeing the Russian invasion of Ukraine, has been vital but remains one-off in nature. The Council has continued this year to work with the Scottish Government to access additional funding in support of the construction of affordable housing in Aberdeen.

We work closely with both governments and seek to help to deliver national policy decisions. Funding of £20 million, through the Levelling Up Fund, was awarded by the UK Government in support of city centre projects and funding has been drawn down during 2022/23 and 2023/24 and will continue to fund our investment plans over the next year. Furthermore, work continues to progress on the City Region Deal – a commitment from both governments to invest £125 million each, with Aberdeen City and Aberdeenshire Councils to improve the infrastructure, business diversification and digital accessibility within the region and the additional commitment to £254 million from the Scottish Government which demonstrates the strategic importance of the City of Aberdeen as an economic engine room within the UK. Full details can be viewed on the Council Website in Committee Reports for the Aberdeen City Region Deal Joint Committee. Further information is available including the 2022/23 Annual Report on the City Region Deal Website at [ABZ DEAL](#).

## Performance Management System

The Council is required to report details of its performance across a range of indicators, aligned to identified priorities each year, and does so regularly to our relevant committees. The Council's Annual Performance Report 2023-24 will be reported to Committee in September 2024, and will then be available on the Council's website [here](#). The performance of all thirty-two councils in Scotland is monitored through the Local Government Benchmarking Framework, through which Audit Scotland in part express its Statutory Direction on Performance Reporting. The LGBF National Benchmarking Overview Report 2022/23 may be accessed [here](#).

## Financial Performance

- **Balance Sheet**

The Balance Sheet on page 54 shows Net Assets of £1,488 million as at 31 March 2024 (£1,501 million at 31 March 2023), a decrease of £13 million. Long Term Assets have increased by £172 million (from £3,009 million at 31 March 2023), reflecting an increase in Property, Plant & Equipment (PPE) of £193 million as a result of the completion of a new school opening during 2023/24 and the Energy from Waste site became operational, a decrease in Investment Properties of £25 million, and an increase in Long Term Investments of £4 million. Short Term Assets have increased by £24 million from the previous year, reflecting a decrease in Cash & Cash Equivalents (£18 million), Short Term Investments (£1 million), and an increase in Short Term Debtors (£43 million). Current Liabilities have increased by £97 million from the previous year, mainly due to an increase in Short Term Borrowing (£104 million) and a decrease in Short-Term Creditors (£9 million). Long Term (LT) Liabilities have increased by £112 million, mainly due to an increase in Long Term Borrowing (£82 million) and Pensions Liabilities (37 million).

The Council has continued to reflect the values of Long-Term Assets as at 31 March 2023 in line with current Royal Institute of Chartered Surveyors (RICS) guidance that has evolved throughout the year and provided additional assurance through more timely valuations of operational building assets and close attention being paid to the valuation method and assumptions around investment assets. Future liabilities, anticipated as a result of past events, are recognised as Provisions, where reasonably certain and quantifiable, and Contingent Liabilities where there is less certainty and limited or no data available to quantify any future financial liability. Full details can be found at Note 36 on page 126.

Total debt outstanding amounts to £1,556 million (2023 £1,371 million). The majority of borrowing comes from the Public Works Loans Board (PWLB) and a Bond Issuance, with the remainder coming from Market Loans and temporary borrowing from various public bodies and financial institutions. Borrowing predominantly supports the capital investment programmes but is also used in cashflow management.

- **Reserves**

Having reached the end of the financial year, a review of the overall position for both revenue and capital has been undertaken (as in previous years) to ensure the Council is suitably prepared for future revenue and capital investment purposes.

In certain circumstances, funds are required to be earmarked for use in future years. This can be to fulfil statutory obligations or where funding has been received but has not yet been spent.

During the year £50 million of these funds were utilised, £35 million from the Service Concession Reserve mainly to aid the Capital Programme, £5 million approved from second/long term empty homes to fund new build houses, and a further £4 million realigned to support the 2024/25 General Fund Budget. The remainder was used for a variety of service specific projects. New earmarked funding of £56 million was transferred in during the year. This was mainly to create the Service Concession Reserve from Unusable Reserves (£40 million), a long-term revaluation gain (£4 million) and bus lane enforcement income (£4 million). The balance of earmarked reserves as at 31 March 2024 was £79 million.

The Council has other usable reserves. These are the Capital Grants Unapplied Account with a balance of £11 million and the Capital Fund with a balance of £36 million. These reserves are used to support capital investment. There is also an Insurance Fund that ensures there is sufficient funding to cover the Council's insurance premiums.

The requirement to retain and manage financial reserves is a critical element of robust financial management and has a basis in statute. In setting its budget the Council must take cognisance of this strategy. The uncommitted General Fund balance as at 31 March 2024 of £12 million is in line with recommended balances. A revised Reserves Policy was approved for the year by Council on [1 March 2023](#), and details can be found in the Committee Papers of this date. Our reserves are detailed in Notes 5 and 6 on pages 76 to 81.

- **Treasury**

It is important in terms of investor confidence in Aberdeen City Council that the authority maintains its credit rating level. The rating is reviewed by Moody's on an annual basis and the assessment involves an analysis of the Council's financial and institutional framework, as well as an assessment of the economic performance of Aberdeen and the wider region. In terms of the economic analysis, independent economic commentary in this report will be used to not only support the Moody's annual review, but also provide the city with assurance on the medium-to-long-term economic outlook of Aberdeen and the region to existing and future investors.

In late October 2023, Moody's downgraded the credit rating of all its rated local authorities, including Aberdeen City. The rating fell to A2, from A1, with an outlook of Stable. The annual review meeting regarding the Council's credit rating took place on 23rd February 2024, with no changes made to the credit rating at that time. In its latest credit opinion, the credit rating agency Moody's recognised the Council's "strong institutional framework" and "strong track record of operating performance".

The credit rating review followed the initial awarding of a credit rating in 2016, in advance of the successful £370 million bond issuance on the London Stock Exchange.

The Council's Treasury Management Policy for 2024/25 to 2026/27 set the policies and boundaries for our investments and borrowings, with the stated investment priorities being a) security of capital; and b) the liquidity of investments. Full details can be viewed at the ACC website in Committee Reporting for the Council Meeting on [7 February 2024](#).

- **Revenue**

For 2023/24, the Council set a net revenue expenditure budget of £661 million (being £559 million on the General Fund and £102 million on the Housing Revenue Account). The performance during the year resulted in an operational deficit of £1.525 million as a result of a deficit on the Housing Revenue Account. The General Fund had a balanced budget as at 31 March 2024. This reflects the service performance after year-end adjustments, such as the use of reserves and statutory funds, but excludes statutory accounting adjustments such as revaluations, depreciation and IAS 19 adjustments and can be reconciled to the Expenditure and Funding Analysis (EFA) on page 82 and the Comprehensive Income and Expenditure Statement (CIES) on page 53.

The CIES statement has been prepared to the relevant accounting standards as adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. This means that final accounting adjustments have been made to the Council's financial position in line with legislation.

Details of these accounting adjustments can be found in the Expenditure and Funding Analysis (EFA) which provides a reconciliation between the CIES and the Council's financial performance under the funding position as reported to Finance and Resources Committee on [8th May 2024](#). The EFA can be found at Note 7, along with an analysis by type of the accounting adjustments. These adjustments include items such as depreciation, revaluations and IAS 19 Pension adjustments.

<b>Financial Performance 23/24</b>	<b>Quarter 4 Final Position</b>	<b>Transfers between funds &amp; other adjustments</b>	<b>(Surplus)/ Deficit per EFA</b>	<b>Other Adjustments</b>	<b>Statutory Adjustments</b>	<b>(Surplus)/ Deficit per CIES</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	0	22,268	22,268	(10,045)	21,284	33,509
Housing Revenue Account	1,525	(13,825)	(12,300)	(2,425)	61,445	46,720
<b>(Surplus) /Deficit on provision of services</b>	<b>1,525</b>	<b>8,443</b>	<b>9,968</b>	<b>(12,469)</b>	<b>82,729</b>	<b>80,228</b>
Other Comprehensive Income and Expenditure						(67,596)
<b>Total Comprehensive Income &amp; Expenditure Surplus</b>	<b>1,525</b>	<b>8,443</b>	<b>9,968</b>	<b>(12,469)</b>	<b>82,729</b>	<b>12,632</b>

*Statutory adjustments* – these are accounting adjustments made to bring the Council’s reported financial results into compliance with the appropriate accounting standards and the relevant legislation. These include Capital adjustments for depreciation, revaluations, impairments, concession arrangements, finance leases and capital grants. They also include Pension adjustments for cash payments made to the pension funds and adjustments for actuarial valuations.

*Other Adjustments* – The other adjustments are those entries that require to be adjusted for. These are an adjustment for the debt instalment, the deferred premium interest, the short-term employee benefits accrual, and the revenue contributions to capital.

The Council’s financial position compared to budget, excluding accounting adjustments is detailed below:-

As at 31 March 2024	Budget 2023/24 £000s	Actuals 2023/24 £000s	Variance (Actual - Budget) £000s
Children & Family Services	240,568	255,569	15,001
Resources	58,835	57,735	(1,101)
Customer	47,068	44,447	(2,621)
Commissioning	20,141	22,176	2,035
Integrated Joint Board	121,483	121,483	0
<b>Total Functions Budget</b>	<b>488,096</b>	<b>501,410</b>	<b>13,314</b>
<b>Total Corporate Budgets</b>	<b>88,109</b>	<b>60,889</b>	<b>(27,221)</b>
<b>Total Net Expenditure</b>	<b>576,205</b>	<b>562,299</b>	<b>(13,907)</b>
<b>Sources of Income</b>	<b>(576,205)</b>	<b>(565,749)</b>	<b>10,456</b>
<b>Deficit/Surplus</b>	<b>0</b>	<b>(3,451)</b>	<b>(3,451)</b>
Contribution to Capital & Insurance Fund	0	6,540	6,540
Contribution from Earmarked Reserves	0	(15,050)	(15,050)
Contribution to Earmarked Reserves	0	11,961	11,961
<b>Deficit/(Surplus) after movement in Earmarked Reserves and Statutory Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Council spent £562.3 m in 2023/24 against a budget of £576.2 m generating a net expenditure surplus of £13.9m, after core funding is taken account of and relevant transactions between the Revenue Budget and Reserves the overall operational position achieved was a 'balanced budget'.

Across the whole range of Council services there was an overspent of £13.3 m, the largest of these was in Children & Family Services principally due to the service managing a substantial increase in children that have arrived in the city over the last two years. This has been as a result of international students and their families and the number of families in the city seeking refuge. This year has also seen an increase in costs of Out of Authority Placements and Kinship. Long term absence in teaching staff has contributed to overspends.

The Commercial Property service income has not achieved its budget as there continues to be challenging market conditions for the leasing of property in the City. Property costs were greater than planned due to the high costs of materials and labour for repairs and maintenance, which continues to focus on work being completed on a 'wind and water tight' basis. Car parking income has partially recovered from the losses during the Covid pandemic due to an increase in the payment of fines but there remains lower income from car parking permits. The cost of temporary accommodation (hotels, and bed and breakfast) is experiencing a significant rise in demand due to the cost of living crisis and this is being exacerbated by fewer people moving into permanent accommodation.

There was an increase in income for museums, galleries and archives in 2023/24, after a few years struggling to recover from Covid, however the increases experienced in costs used all of that additional income resulting in higher costs overall for service delivery. Furthermore the Beach Ballroom did not meet its planned income levels. Fees from building warrant applications fell short of their budgeted levels, however fees from planning applications did achieve the levels expected. In the Integration Joint Board (IJB) the costs of commissioned services were higher than budgeted for a range of reasons that will be included in the Aberdeen City IJB annual accounts, these additional costs are to be met from IJB reserves. Additional income was raised from Bus Lanes enforcement, and the unspent value is retained as an earmarked sum in the usable reserves for specific use on transport.

	<b>2022/23</b>	<b>2023/24</b>
Number of children on school rolls	25,151	26,189
Number of refugees now settled in the community	683	1,497
Children & families seeking refuge from war in Ukraine	1,794	1,331
Out of Authority Placements	137	134
Number of homeless presentations	1,769	1,784
Commercial Properties to let	687	695
Temporary Accommodation- Hotels & Bed and Breakfasts	109	123
Art Gallery and Museums - no of events and exhibitions	203	178
Long term empty properties	2,507	2,803

Savings in Corporate budgets came from unused contingencies, lower capital financing costs as there was lower spend on capital projects, increased returns received on revenue balances due to higher interest rates.

Core income received was £565.749 m, this was received from the General Revenue Grant, Council Tax Income, and Non-Domestic Rates and a Contribution from Reserves of £14.629m. Funds will be transferred from Council Tax income to an earmarked reserve from additional income received for second and long term empty properties, which supports the delivery of affordable housing in the City. There are a number of other transfers to Earmarked Reserves. Details of these can be found at Note 6.

- **Capital**

The Capital budget for the period 2023/24 to 2027/28 was set at £1,288 million (General Fund £732 million, Housing £556 million). Capital expenditure during the year was £235 million, compared with anticipated expenditure for the year of £401 million. The capital programmes in 2023/24 were financed by capital grants (£20 million), borrowing (£152 million), and other grant income / contributions (£63 million).

Spending of £235 million was recorded for the Capital Programme for the year, much lower than originally expected, which was a consequence of supply chain volatility but also due to active and careful decisions taken to defer, pause and stop capital projects following a full review in the 2022/23. Pricing for contracts was extremely volatile

and substantially inflated ensuring the Council considered best value. The construction industry continued to experience shortages of products, raw materials, staffing and logistical support across the UK. The Russian invasion of Ukraine in February 2022 and resulting economic sanctions placed on Russia and Belarus further exacerbated supply chain issues for some commodities which were sourced from eastern Europe. Details of those projects that commenced, progressed or were completed during 2023/24 can be found on page 4.

- **Group Accounts**

The Aberdeen City Council Group consists of subsidiaries, joint ventures and associate companies that are combined with Aberdeen City Council to produce a group balance sheet with total assets of £1.666 billion. This is an increase against the total assets of the Council, which are £1.663 billion, and is principally due to the inclusion of the net assets of the Common Good and Trust Funds (the in-year performance of which are detailed below). Performance of subsidiary companies varied with a mixture of surpluses and deficits reported in 2023/24. Details can be seen on pages 158-176.

- **Common Good**

The Common Good recorded an operating surplus of £1.814 million. This surplus is before revaluation of assets, investments and other accounting adjustments are applied. The value of the Common Good is £118.177 million at 31 March 2024, a decrease of £1.45 million from last year, reflecting movements in the value of assets to reflect current market conditions. Further details on the Common Good can be seen at pages 152-154.

- **Trust Funds and Endowments**

The Council administers a number of trust funds and endowments. Some of these have charitable status which requires separate accounts to be prepared and audited for submission to OSCR (Office of the Scottish Charity Regulator). The value of all the Trust Fund balances at 31 March 2024 was £11.415 million, an increase of £0.401 million from last year. Further details on the Trust Funds and Endowments can be seen at pages 155 to 157.



## Financial Indicators

The following financial indicators are intended to support interpretation of the Annual Accounts and the Council's financial position and performance. They provide an indication of the sustainability and affordability of the Council's financial plans. Many of these are used by local authorities for benchmarking purposes.

Financial Indicator	2023/24 £'000	2022/23 £'000	Description
<b>Financial Management</b>			
<b>Actual net expenditure as a % of Council Revised Annual Budget</b>	100.00%	96.51%	This is the General Fund net expenditure (before statutory adjustments and transfers to statutory funds) as a proportion of the Revised Annual Budget
<b>Movement in the uncommitted General Fund Balance</b>	£0.0 m	£0.0 m	Reflects the extent to which the Council has increased its Uncommitted General Fund Reserve
<b>Reserves</b>			
<b>Uncommitted reserves as a % of council annual budgeted net revenue</b>	27.82%	20.87%	This ratio shows the proportion of the Council's Uncommitted Reserves in relation to the net revenue budget
<b>Uncommitted General Fund Balance as a % of council annual budgeted net revenue</b>	2.15%	2.21%	This ratio shows the proportion of uncommitted General Fund Reserve balance in relation to the budgeted net revenue
<b>Debt &amp; Borrowing</b>			
<b>Capital Expenditure</b>			
General Fund	112,343	128,126	This is the amount spent on the General Fund capital programme for the year
HRA	119,903	114,447	This is the amount spent on the Housing capital programme for the year
<b>Total</b>	<b>232,246</b>	<b>242,573</b>	
<b>Ratio of Financing Costs to Net Revenue Stream</b>			
General Fund	7.68%	6.99%	This is the interest costs of the General Fund Debt in relation to the General Fund net Revenue Stream
HRA	13.29%	9.12%	This is the interest costs of the Housing Revenue Account in Relation to its Gross Income
<b>Capital Financing Requirement</b>			
General Fund	1214115	1,171,938	This is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.
HRA	404187	312,070	
<b>Total</b>	<b>1,618,302</b>	<b>1,484,008</b>	
<b>Gross Borrowing</b>	<b>1,556,154</b>	<b>1,370,746</b>	The amount of short and long term borrowing as at 31 March 2024

## Outlook including Risks and Uncertainties

### Outlook for the City Council

#### a. Challenges from the rising cost of living and falling living standards

Just as the uncertainty and effects of the Covid pandemic on people and the economy were starting to ebb, the Russian invasion of Ukraine, inflation pressures and rising borrowing costs brought about a potentially bigger challenge for the country. Inflation peaked at 11.1% (CPI) in October 2022, and remained high in 2022/23 sitting at 10.1% in March 2023. The rate of inflation (CPI) has now dropped to 3.2% as at March 2024. Pressures have been experienced in the supply chain as a result of the Russian invasion impacting on such materials as steel, grain etc, adding to the inflation mix. In response to this the Bank of England raised the Bank Base Rate and interest rates increases followed, although these have plateaued at 5.25% in the second half of the year. The "Cost of Living Crisis" continues to affect our citizens as rising inflation impacts on fuel, energy bills and everyday shopping costs and the Council has continued to take action, including setting aside £1m to support anti-poverty initiatives in 2024/25. The prevalence of strike action being taken across the country has been inescapable as employees have been looking for pay to rise in line with inflation, generally unaffordable to employers and the public sector. Holding back inflation busting pay awards is a part of managing inflation, reducing the ability for discretionary spending.

The budget for 2024/25 has been set based on what was known and anticipated to happen regarding costs and demand, however, much is uncertain including the time it will take to reset and reduce the financial pressures back to long-term targets. The Council continues to work to understand the impact of these new and emerging pressures on the budgets and is working on the Medium-Term Financial Strategy to be presented to Council in August 2024.

#### b. Financial sustainability

On 23 August 2023, the Council approved the Medium-Term Financial Strategy for the General Fund, that set out the funding context, the medium-term outlook and the impact of capital investment and funding. Several scenarios and responses were developed and principles relating to financial sustainability and managing reserves. The Strategy noted that while the Scottish Resource Budget is increasing up to 2027-28, in both cash and real terms, it is not expected to rise at the same rate as the spending bill, creating a growing funding gap over time. From the Strategy the scenario plans revealed a budget gap range for 2024-25 of between £18m and £73m, with a central scenario of £43m.

The Council decided at its meeting on 14 December 2023 to increase rents in 2024/25 by 4.7% on the Housing Revenue Account, following rent having been increased by 4% in 2023-24 after being frozen for two years (2021/22-2022/23). The increase was below recommended levels with the Council accessing HRA reserves to fund the difference for 2024-25, a review of the 30-year financial model and business plan for the HRA has been instructed and will be presented to Council by the end of September 2024.

The General Fund budgets and Common Good budget were set on 6 March 2024. The 2024-25 General Fund budget presented proposals to address a significant gap of £25.3m to Elected Members. The gap is proposed to be met by redesign of Council services to address demand, in line with a commissioned approach as described in the report. The Council agreed a freeze in Council Tax and a rise in fees and charges, where appropriate. The budget report and minute sets out the detailed proposals, risks, and assumptions behind the future financial proposals. The Common Good is to distribute over £4m during 2024-25.

The Capital budget for the period 2024/25 to 2028/29 was set at £1,287m (General Fund £800m, Housing £487m)

Taking account of the challenges and strategic context, with particular emphasis on the emerging fiscal and economic challenges, it is clear the scale of service redesign will have to increase as we continue our journey of transformation, responding to a changing world by embracing new ways of doing business, meeting changing needs of customers and communities. Response to the challenges ahead takes more than can be delivered by the Council alone and therefore the transformation portfolio of the Council is part of a whole system, that includes multi-agency transformation and Council business efficiency.

We're achieving our financial sustainability by building upon our systemic redesign of services to ensure we respond to and shape future demand. Themes include:

- Reshaping our workforce - The overall purpose is to continue to transform the culture of the organisation by stretching the aims articulated in the TOM to align organisational culture with the ethos of the 21st Century Public Servant, whilst managing an approach to headcount reduction through service redesign and reshaping the remaining workforce both in terms of skills, way of working and culture. To achieve this, we will draw on the feedback and experience of staff gained during the pandemic through in-depth engagement with front line colleagues; we will continue to modernise our structural processes, thus creating an environment in which employees have clarity

of expectations and have the skills and confidence to deliver services that meet the needs of the citizens of Aberdeen in the 21st Century whilst at the same time feeling empowered to support and challenge their colleagues to do the same.

-Reshaping our estate – Working to establish how the Council and partners can best use their asset base to efficiently deliver services and support wider transformation aims. The Council holds significant physical resources, and, through the implementation of an updated Estate and Asset Strategy, including a Schools Estate Plan, we will continue to work to optimise the use of our assets, including rationalisation and a review of assets with communities, to maximise utilisation within a reduced footprint. By its nature, the estate should react to the requirement to deliver services and interact with other transformation programmes.

-Reforming how we work through digital - Digital and data have been, and remain, fundamental in both leading and enabling the continuing transformation of the organisation. The work will develop and provision the foundational technologies, infrastructures, systems, and skills that will enable and underpin service designs and transformations, taking full advantage of opportunities presented through the rapid acceleration of digital technology, the availability and management of data and how this can support both planning and transactional services for our customers.

-Empowering citizens - Our continued ambition centres around the empowerment, independence, and self-serving ability of our citizens. We continue to challenge the cut-off points between the customer and service delivery function, ensuring a single point of accountability for the customer experience empowered to drive more customer centric behaviour. Our approach to improved outcomes is focused on customer relationships and is based on the following 4 themes: Demand Prevention; Integrated Digital Access; Proactive Customer Engagement; and Embedded Customer Centric Culture.

### c. Environmental Sustainability

As part of the approval of the Council Energy and Climate Route map on 6 May 2020, a Council Energy and Climate Plan was instructed. On 28 February, 2022 Council set the Net Zero Aberdeen route map which sets a net zero target for Aberdeen City by 2045. Scrutiny will be through the Council's Climate Change Report, produced annually to meet requirements of Public Bodies Climate Duties and an update was provided to the Net Zero, Environment and Transport Committee on 31 October 2023.

As detailed in the Council Delivery Plan (Council, 6 March 2024) the strengthened alignment of the commissioning intentions to support the Council's priorities of addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate are highlighted.

The two significant local drivers behind Net Zero Aberdeen and Aberdeen Adapts are the Economic Policy Panel's recommendations and Moody's credit rating, the recent assessment of which noted that for overall environmental risk, Aberdeen scored neutral to low (E-2), reflecting low exposure across all categories, but a moderately negative exposure to carbon transition risks given the significant dependence of the city on the oil and gas sector, an issue which this route map sets out to address.

#### Outlook for the City

- Aberdeen Economy – General

Aberdeen is at the heart of one of the most prosperous regions in the UK outside of London. Comparatively, economic activity in Aberdeen and the North East is high due to a host of factors including the concentration of activity for the Energy Sector. Gross value added (GVA), productivity, disposable income levels, house prices and commercial property returns are significantly higher than Scotland and UK averages, however it has faced several challenging years. Last year, the Aberdeen Economic Policy Panel noted the rate of employment in the region had dropped at a steeper rate than in the rest of Scotland. This has begun also to recover in 2023 but is still behind pre-pandemic levels.

Further, North East homeowners have seen house prices fall and renters have seen rents increase at steeper rates than the national average. This is an export-led economy with the city region making a disproportionately positive contribution to Scottish exports demonstrating the international reach of the city region.

The diversity of the economy provides significant opportunities for investment and business growth in both the short and long term. The strength of the recovery in Aberdeen City depends upon the recovery in the energy sector where the outlook continues to evolve. In the longer term the transition to Net Zero is both a challenge and an opportunity for the sector.

The population is still projected to grow over the next 35 years, and this has informed the preparation of the statutory Aberdeen City and Shire Strategic Development Plan for the region, and Aberdeen Local Development Plan for the city. This will obviously increase demand on a range of Council services, including roads, education, and social care, as well as partner services such as health but will also provide us with new opportunities to grow our business and income base and further strengthen Aberdeen's position as

an economic anchor in the wider UK. The housing developments referred to above will be required if this projected population growth comes to fruition and we are actively looking at how we can facilitate this continued demand pressure by generating new income streams and growing our financial strength and sustainability. The Council has prioritised Prosperous Economy as one of the key themes of the Local Outcome Improvement Plan and Policy Statement, with the sub themes of investment in infrastructure, inclusive economic growth, innovation, and internationalisation. The importance of supporting wider community and economic regeneration to the success of achieving the Council's wider outcomes is a key principle, with the Target Operating Model building cohesion through the Strategic Place Planning and City Growth functions. The Council's investment in its capital programme directly supports diversification of the city region economy, including tourism, events, leisure and culture, and the delivery of the City Region Deal commitments on roads, Aberdeen harbour expansion and digital infrastructure.

- **Economic Recovery**

Aberdeen's economic performance has been adversely affected by the pandemic, the Russian invasion of Ukraine, and the rise in energy prices, due to the sector mix of the local economy. Factors critical for the long-term success of the region include economic diversification, skills, infrastructure investment and energy transition.

A recent assessment of the Economic Outlook for Scotland can be found in "[Sixth Medium Term Financial Strategy](#)" published by Scottish Government on 25 May 2023. It quotes:

"The financial situation is, amongst the most challenging since devolution. Following on from a decade defined by UK austerity, over the past three years Scotland has faced a succession of economic shocks, with the Covid pandemic, the war in Ukraine, and the recent period of high inflation all driving significant pressures on the economy, society and the public finances.

We are living through the biggest fall in living standards in decades, with the Scottish Fiscal Commission forecasting that average real disposable incomes are not set to recover to pre-pandemic levels until around 2026-27."

The independent Aberdeen Economic Policy Panel produces an annual report on the state of the Aberdeen Economy. It was published in January 2024 and stated that "...whilst starting from a strong base, with GVA and average earnings levels higher than the national figures, [the North East] has faced particular acute challenges in recent years. For example, average real wages declined faster and further in the North East than they did nationally throughout 2022 and into 2023, only beginning to recover in mid-2023."

"Worker productivity, once the highest in Scotland, has been falling in recent years. Real GVA per head in the North East stood at £31,586 in 2021, the lowest it has been since 2005, bar 2020. Last year, the Panel noted the rate of employment in the region had dropped at a steeper rate than in the rest of Scotland. This has begun also to recover in 2023 but is still behind pre-pandemic levels. Further, North East homeowners have seen house prices fall and renters have seen rents increase at steeper rates than the national average. Before the pandemic, the employment rate in the region was 80%, with 258,000 employed. It dropped to 74% during the pandemic, leaving 236,000 employed. As of 2023, it has recovered to 78%, with 256,000 people employed<sup>1</sup>"

"The Panel notes that business confidence, which had been deteriorating throughout 2022, has rebounded in 2023 to a modest level of positivity in Scotland and the UK, although this remains below pre-pandemic averages. The key concern for businesses is cost inflation<sup>2</sup>. However, the North East continues to demonstrate a degree of resilience. A higher proportion of businesses feel their turnover will improve in the next 12 months (62%) compared to the UK (53%). More than a third of companies (35%) in the North East report that domestic sales have been increasing, in line with the UK average. And whilst 23% of UK businesses reported a decline in sales in the last three months, only 15% of businesses said the same thing in the North East. 35% of North East businesses have seen an increase in international sales, outpacing the national average (27%). 24% of UK companies saw a decline in export activity in the quarter, compared to just 13% in the Aberdeen region. Future overseas order pipelines are also stronger in the North East (30% vs 27%)<sup>3</sup>"

<sup>1</sup> North East Performs, October 2023

<sup>2</sup> The Institute of Chartered Accountants, Q2, 2023

<sup>3</sup> AGCC Quarterly Economic Survey 2023, Q2

The Policy Panel conclude that "...the macroeconomic outlook remains challenging and is likely to remain so for the foreseeable future. There is little that Aberdeen can do to change that. Where local policymakers can have – and have had – the greatest influence is over the longer-term strategic approach for the region. Key to this long-term success will be diversification, a commitment to making Aberdeen an even more attractive place to live, work, invest and set-up a business, securing a successful transition to renewable energy and developing the core building blocks of a successful regional economic strategy (including skills and infrastructure)."

### Supporting Recovery

During 2023/24 the Council adopted the [Local Development Plan](#), this represents Aberdeen City Council's land use strategy for Aberdeen for 10 years from 2022. Its aim is to support the Council's vision of creating a sustainable and socially equitable future for the city, as the home to its residents, as the regional centre of the North East, and as one of Scotland's most important economic engines.

The Council has continued to deliver on key infrastructure in the City to support recovery and make changes that will positively impact our citizens, businesses and visitors. Completion of the Energy from Waste facility, in collaboration with Aberdeenshire and The Moray Councils, opens up new possibilities in respect of energy off-takes and the journey to net zero. Furthermore the Council has committed to investment in the city centre in support of economic recovery. The Council capital programme and housebuilding programme demonstrates significant investment in providing employment, business opportunities and improved living standards. A report to Council on [14 December 2022](#) on City Centre Masterplan, Aberdeen Market, Queen Street, and the Streetscape programme progresses strategic work streams with a programme of works which in the long term support the recovery of the city, progress has been reported to Council regularly throughout the year.

The Council successfully introduced a scheme in 2023/24 to support empty shop units in Union Street being brought back into use, and has extended this scheme into 2024/25 with increased funding.

The approval of Aberdeen City Council entering into a Joint Venture with bp International Limited to deliver the Aberdeen Hydrogen Hub (AHH) Strategic Partnership will also facilitate recovery. The vision for the AHH aligns with the UK Government's recent UK Hydrogen Strategy publication which sets out the approach to develop a thriving low carbon hydrogen sector in the UK with an ambition to generate 5GW of renewable and low carbon hydrogen by 2030 and the Scottish Government's Hydrogen Policy Statement and Draft Hydrogen Action Plan, which both pitch Scotland to become a leading hydrogen nation in the production of reliable, competitive, sustainable hydrogen.

### Conclusion

The Council reports a credit rating of A2 stable, now two 'notches' below UK Sovereign rating following the collective review of all local authority ratings in quarter 3 by Moody's. The assessment of Aberdeen City continues to highlight "a strong institutional framework" and "a strong track record of operating performance" and thereby demonstrating external assurance on the financial governance and strength of the organisation.

The 2023/24 financial year results showed a balanced operational budget for the General Fund and an overall small deficit of £1.525 million for the year. This shows another strong performance over what has been yet another exceptional year and demonstrates the Council's financial resilience and actions taken to maintain longer term stability in service delivery going forward.

This has been an extremely challenging year, with the Council continuing to feel the enduring effects of the pandemic, deal with the consequences from the Russian invasion of Ukraine, and the further impact of the Israel-Gaza war, including the resettlement of thousands of people. The Council has continued to plan for financial settlements for Local Government that will not increase funding to core services while at the same time react and adapt to inflation and interest rate pressures and the consequences for our people who continue to cope with a cost-of-living crisis. The Council governance arrangements for responding to the changing environment, and specific financial resilience plans we have evidenced our response to manage and mitigate risks in a robust way to protect the sustainability of Council finances throughout 2023/24 and into the future.

The approved Medium Term Financial Strategy signals the availability of funding and the risk and uncertainty of the operation environment in the future, this will guide the Council on the actions needed to transform the organisation, to remain within its means.

In the midst of these extreme pressures difficult decisions have to be made and priorities prioritised if the financial balance is to be found going forward. We intend to continue to invest in our staff and the infrastructure of the city in a financially sustainable way, the changes to the Council that are now aligned to the Target Operating Model (1.2) give us a strong direction for the future. Investment in providing an economically diverse and culturally rich environment, we believe, will continue to make Aberdeen a location of choice.

### Acknowledgement

The production of the Annual Accounts is very much a team effort involving many staff from across the organisation, as well as those in the wider Aberdeen City Council group. We would like to take this opportunity to personally acknowledge the considerable efforts of all staff in the production of the 2023/24 Annual Accounts to shortened timescales.

Jonathan Belford CPFA  
Chief Officer – Finance

Angela Scott  
Chief Executive

Councillor Christian Allard  
Co-Leader of the Council

Councillor Ian Yuill  
Co-Leader of the Council

## Statement of Responsibilities

### The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Chief Officer - Finance.
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- ensure the annual accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the annual accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Council at its meeting on ?.

Signed on behalf of Aberdeen City Council

Councillor Christian Allard  
Co-Leader of the Council

Councillor Ian Yuill  
Co-Leader of the Council

**The Chief Officer – Finance’s responsibilities:**

I am responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Accounting Code).

**In preparing the Annual Accounts, I have:**

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

**I have also:**

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

I certify that the financial statements give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2024.

Jonathan Belford, CPFA  
Chief Officer – Finance



## Annual Governance Statement

### 1. INTRODUCTION AND SCOPE

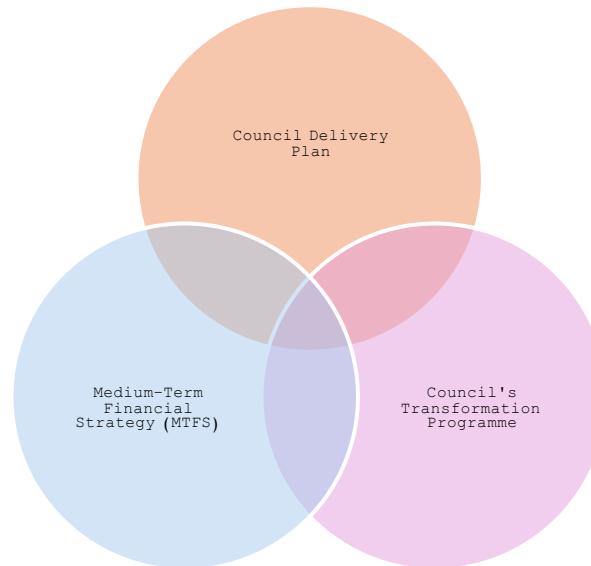
- 1.1 A governance framework has been in place at Aberdeen City Council for the year ending 31 March 2024 and up to the date of approval of the annual accounts.
- 1.2 The purpose of this Statement is to report publicly on the extent to which the Council's governance arrangements are compliant with our Local Code of Corporate Governance 2022-2027 and to provide assurance on our internal control structure. This Statement when compared to those from previous years demonstrates that our governance framework is up to date and improving.
- 1.3 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure but aims to provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:
- identify risks to the achievement of the Council's outcomes;
  - evaluate the likelihood of those risks being realised and the impact should they be realised;
  - manage those risks efficiently, effectively and economically.
- 1.4 The Council has an approved [Local Code of Corporate Governance](#). The Code sets out our commitment to the seven principles recommended in the CIPFA / SOLACE Framework 2016. The Code cites the primary sources of assurance against each principle which demonstrate the effectiveness of our systems of internal control.

<b>Principle A</b>	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<b>Principle B</b>	Ensuring openness and comprehensive stakeholder engagement
<b>Principle C</b>	Defining outcomes in terms of sustainable economic, social and environmental benefits
<b>Principle D</b>	Determining the interventions necessary to optimise the achievement of the intended outcomes
<b>Principle E</b>	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<b>Principle F</b>	Managing risks and performance through robust internal control and strong public financial management
<b>Principle G</b>	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

### 2. STRATEGIC COMMISSIONING APPROACH

- 2.1 Our governance arrangements supported delivery of the Council's overall strategic commissioning cycle during 2023/24 and are embedded in the **Critical Path**.
- 2.2 In March 2023, the **Council Delivery Plan 2023/24** aligned the Council's priorities to Aberdeen City's Local Outcome Improvement Plan, the Council's Policy Statement, the Council's Strategy Framework and the Council's legislative duties. As such it is a key component of our strategic planning approach.
- 2.3 The Delivery Plan was underpinned by the **Population Needs Assessment** – this provided data on people, place and economy which in turn informed our priorities, including the Council's approach to preventing demand on our services through early intervention. The Council's priorities were then aligned against the Local Outcome Improvement Plan's stretch outcomes and thereby set the baseline for commissioning intentions. Within the approved annual budget were a set of service standards, thus ensuring that the agreed levels of service to be delivered are affordable and reflect the demand for those services.

- 2.4 The **Medium Term Financial Strategy (MTFS)** is aligned to the Council Delivery Plan. This was approved by Council in August 2023, provides an overview of the Council's financial position, and sets out a range of principles for income, expenditure and capital investment that are designed to support financial resilience and financial sustainability.
- 2.5 The Council's transformation creates a future environment for which the Council will operate, outlining our approach to service redesign, that enables future budget gaps to be closed. Taken together, the MTFS and transformation represent the fiscal framework for the Council. The transformation programme has been developed to align with the MTFS, and, as well as supporting the delivery of the required savings articulated in the MTFS, the programme supports the implementation of the Council Delivery Plan.



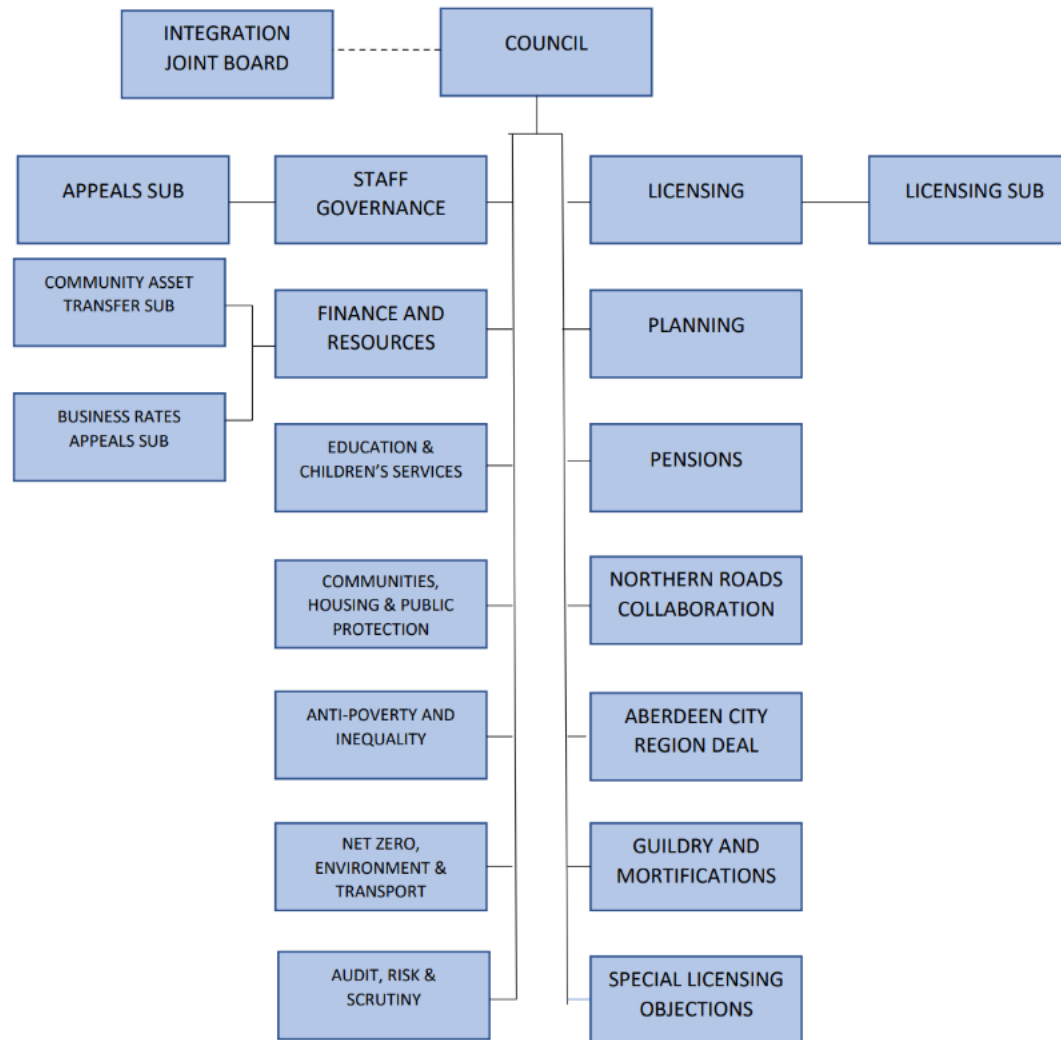
- 2.6 As part of the Council's continued transformation, the organisational structure was reported to Council in February 2024, proposing changes to the way in which specific Clusters and services are managed and delivered, making recommendations for new alignments as part of our agreed next iteration.

### 3. GOVERNANCE ENVIRONMENT

#### Elected Member Decision-Making

- 3.1 The Committee structure, below, was reaffirmed in June 2023 with minor changes made to the Terms of Reference. The Committee diary was approved in August 2023 and meetings were held as scheduled with the addition of five adjourned Council meetings, a requisitioned Council meeting and five meetings of the Urgent Business Committee.

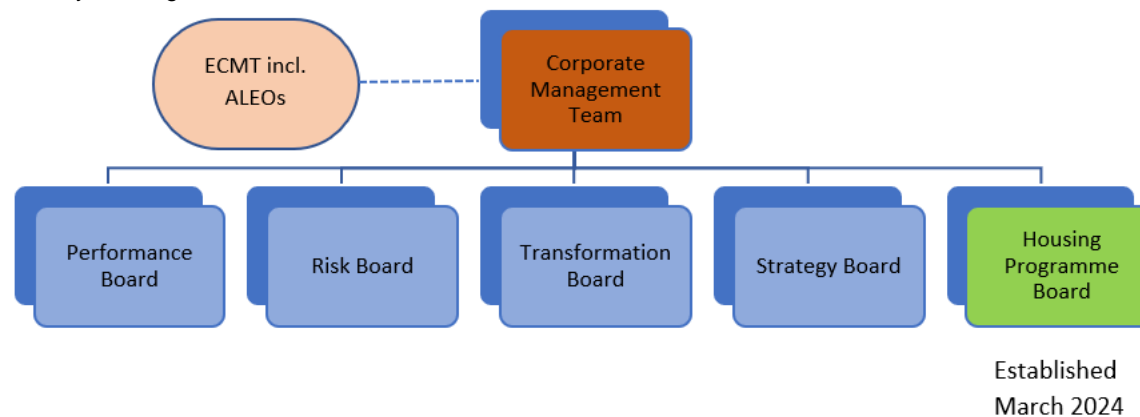
3.2 Each committee received an Annual Effectiveness Report assessing adherence to the Terms of Reference and including data on member attendance, referrals to and from other committees/Council, late reports and approval of officer recommendations. All reports were reviewed by Council in February 2024 (deferred from December 2023) to ensure oversight of the effectiveness of its delegations to committees.



- 3.3 Additional opportunities for cross-party working were identified in furtherance of the recommendations from the Council's 2017 and 2021 Best Value reports, including a Voids Sub-Group and cross-party work on financial settlements and budget setting. The Governance Reference Group also met during this period, to review the Council's Scheme of Governance.
- 3.4 In addition to the above Committee structure, regular meetings are held between the Chief Executive and all political groups as well as independent members. The Council's administration group ('the Partnership') senior leaders meet with the CEO weekly and meet monthly with the Corporate Management Team (CMT) to review political priorities and progress with Council actions against committee business planners. In addition, all committee convenors regularly meet with the respective executive lead for the committee.

**Officer Decision-Making**

- 3.5 As the Council's Head of Paid Service, the Chief Executive's (CEO) delegations are articulated within the Powers Delegated to Officers and given effect through officer decision-making structures at all levels of the organisation. In 2023/24, the below structure was in operation to support the CEO discharge the Head of Paid services responsibilities. Terms of Reference for the Corporate Management Team (CMT) and these officer only Boards were agreed and kept under review. Extended CMT (ECMT) held collaborative weekly touchpoints to progress shared corporate priorities and to achieve shared situational awareness on single services issues, as well as monthly meetings with ALEOs.



- 3.6 Commissioned by the Corporate Management Team, the executive boards govern and drive the delivery of the Council Delivery Plan, the MTFS, and the Council's transformation, through the strategic commissioning approach. Over the course of 2023/24:
- Strategy Board undertook analysis against priorities, legislation, etc agreed the future commissioning intentions and monitored the delivery of outcomes relate to in-year decisions from previous commissioning cycle activity.
  - Performance Board monitored agreed in-year service standards, instigated evaluations and improvement where required and reviewed and set future service standards.
  - Transformation Board delivered the transformation programme, delivering the requirements for the MTFS. It also reviewed Council design and instigated further cross-functional redesigns and commercial opportunities. This included exploring redesign opportunities in relation to ALEOs.
  - Risk Board provided scrutiny and assurance on internal controls and ensured deliverability of services within a heightened risk environment.

3.7 In addition, a number of control boards have operated during the year to support the above governance:

- Establishment Control Board -
- Demand Management Control Board -
- Capital Control Board -

3.8 The Control Boards provided scrutiny on all Council spend and assurance that Council policy and practice was adhered to and that we are providing best value whilst working within the available financial envelope.

### **Scheme of Governance**

3.9 The Council's governance framework relies upon clear, transparent structures for both elected member and officer decision-making. The Scheme of Governance, first introduced in 2019, was updated in June 2023 following its annual review by officers and members. This is the mechanism by which:

- duties and powers vested in the local authority (the Council) are delegated to committees or to named Council officers;
- controls are placed on council officers to ensure their adherence to financial and procurement regulations;
- procedure at Council and Committee meetings is regulated; and
- members and officers relationships are regulated in alignment with the Councillors' Code of Conduct and the Employee Code of Conduct, including a mechanism for escalation where required.

3.10 The suite of documents which make up the Scheme of Governance were reviewed in June 2023 using the cross-party Governance Reference Group to develop proposals for approval by Council. The changes agreed are summarised below:

#### **Committee Terms of Reference**

To ensure that they reflect the general operation of all committees over the previous year. Revisions were mostly minor in nature, with the most significant change being to remove all references to the Council approving commissioning activity in excess of £1 million which was transferred to the Finance and Resources Committee to sit with oversight of other procurement activity.

#### **Powers Delegated to Officers**

To ensure that the document is reflective of current and pending legislation, as well as operational practice. The review also identified any additional changes that would enable operation of the respective areas to be undertaken in a more effective manner and improve the operational delivery to internal customers and citizens.

#### **Standing Orders**

To ensure that any areas for clarification raised at, or in relation to, meetings since February 2022 had been considered, the relevant Standing Order was updated. More significant changes included the introduction of a deadline for submission of motions/amendments by members, however this remains on a 'should' rather than 'must' basis and when reasonably practicable to adhere to. A mandatory deadline for the submission of final balanced budgets was added, to sit alongside a new Budget Protocol which is detailed below. A further revision encouraged members to submit questions to officers in advance of Committee meetings in order to promote effective management of agenda items. Other revisions were less significant in nature.

#### **Financial Regulations**

The requirements of the Following the Public Pound Code were added as well as reference to the Subsidy Control Act 2022. The Chief Finance Officer's limit for debt write off was increased from £25,000 to £50,000 to reflect inflationary and cost of living increases. Other revisions were relatively minor in nature.

**Procurement Regulations**

Reviewed in the context of revisions to other parts of the Scheme of Governance and to ensure that the Regulations are in line with the Procurement Manual, relevant legislation and operational practices.

**Member Officer Relations Protocol**

To ensure realignment to the Guiding Principles and Capability Framework and to emphasise the role of the Monitoring Officer and the possible escalation routes for both officers and members who breach the protocol.

A new **Budget Protocol** was introduced in June 2023 with a view to improving the process for annual budget setting across both member and officer areas of responsibility. The purpose of the Protocol was threefold:

- to enhance Council's compliance with the Public Sector Equality Duty by aligning Integrated Impact Assessments to budget setting;
- to formalise the process by which annual budgets are prepared by elected members; and
- to firmly embed public engagement within the preparation of budget options.

The Protocol, included within the Council's Scheme of Governance, introduced two phases of engagement with the public on budget options and accompanying impact assessments, as well as structured feedback on this engagement to elected members through the Medium Term Financial Strategy and a requirement for members to submit proposed balanced budgets three days prior to the budget meeting. Taken together, these additional measures significantly strengthened the Council's governance around annual budget setting in a particularly demanding financial year and more tightly managed the risk of legal challenge in relation to budget decisions.

The Protocol has been subject to a lessons learned review in the first year of operation, incorporating feedback from the extended CMT, participants in public engagement sessions and all elected members. When the Council reviews the Scheme of Governance in July 2024, these lessons learned will be taken into account.

**4. REVIEW OF EFFECTIVENESS**

4.1 Self-assessment provides reasonable assurance on the adequacy and effectiveness of Aberdeen City Council and its systems of governance and demonstrates fully our commitment to improving the governance of the Council. Our self-assessment has been completed and was informed by:

1. The work of CMT which develops and maintains the governance environment through its own activity and that of its Boards, drives delivery of our strategic commissioning approach on behalf of the Council and sponsors the delivery of the Critical Path. This work is outlined in the previous two sections;
2. The certified annual assurance statements provided by all Chief Officers to the Chief Finance Officer - each Chief Officer has reviewed operation of financial controls in their Cluster and certified their effectiveness to the Chief Officer Finance;
3. Council officers' management activities – ECMT has reviewed the governance activity in their Cluster and confirmed their effectiveness to the Chief Officer – Governance;
4. The Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
5. Reports from the Council's external auditor;
6. Reports by external, statutory inspection agencies; and
7. The certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies.



4.2 It has been assessed that the Council's financial management arrangements conform to the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer (CFO) in Local Government (2015). Furthermore, in relation to other statutory postholders, the effectiveness of the Council's arrangements can be evidenced through the relationship they have had throughout the year with the Council and its officers, being full members of the extended Corporate Management Team. In addition, the CFO and Monitoring Officer, or their nominees, were in attendance to advise not only the Council at its meetings, but the Audit, Risk and Scrutiny Committee and the Finance and Resources Committee. In addition, the Chief Social Work Officer attends the Council's Communities, Housing and Public Protection Committee and Education and Children's Services Committee and is an adviser to the Integrated Joint Board.

4.3 The Council continued to manage risk through its three lines of defence:

<b>First Line of Defence ("do-ers")</b>	Managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives
<b>Second Line of Defence ("helpers")</b>	Policies and frameworks which enable risk and compliance to be managed in the first line, including Committees and corporate Boards who set these policies and frameworks.
<b>Third Line of Defence ("checkers")</b>	Independent assurance provided by internal audit, external audit, and inspection and scrutiny bodies

**Management Activities**

4.4 Council Committees have continued to operate according to their approved Terms of Reference, as evidenced through Annual Effectiveness Reports considered throughout the year by each Committee and by Council in December 2023. These provided assurance that business considered was relevant to agreed remits and that membership and attendance were consistent. As well as the annual review of the Scheme of Governance, committee places were revisited when required in order to maximise representation and attendance and the Council diary was approved which reduced the number of committee meetings but maintained the frequency of Council meetings in the year. An extensive review of the Council's trusts was completed, including their financial management arrangements and changes to representation where required.

4.5 In respect of our commissioned services, strength of governance and stewardship was evidenced through the submission of procurement workplans and business cases to Council each cycle, annual performance reports for all Tier 1 ALEOs to Council in October and the ALEO Assurance Hub's assurance ratings in accordance with the Following the Public Pound guidance, to Audit, Risk and Scrutiny Committee in June and November.

4.6 The Council approved a revised Scheme of Establishment for Community Councils in December, for a period of consultation. This included changes to boundaries for some Community Councils. The final scheme was approved in April. A review of polling districts and polling places was undertaken in February as part of a statutory review, with public consultation taking place prior to reporting final proposals in July 2024.

- 4.7 In August the Council, as one of the nine organisations comprising the North East Health Partnership Alliance (NEPHA), endorsed a Strategic Partnership Agreement with Public Health Scotland. The NEPHA has met regularly throughout the year progressing a range of issues including responses to cost of living challenges and mapping health inequalities.
- 4.8 Extended Corporate Management Team collaborated on the Council's strategic commissioning cycle activity, providing the executive link between the boards and the operational delivery of the Council. This ensured consistency of approach to the commissioning approach and Council wide collaboration on strategic planning on how we align resource against Council priorities.
- 4.9 The risk management framework ensured that the organisation maintained the rigour of previous years through the reporting of risk registers, assurance maps and policies to the relevant Committees. The Risk Appetite Statement was further embedded in officer and member decision making and was subject to annual review in February. Whilst risk appetite levels remained unchanged, there was some adjustment with the Statement to recognise increased demand on services, reducing budgets and unpredictable external factors, all of which require to be considered when balancing appetite for strategic, compliance, operational and reputational risk.
- 4.10 Procurement compliance was reported quarterly to the Risk Board and demonstrated an improving picture in relation to off-contract spend and service compliance with procurement thresholds and decreasing trends in the number of issues relating to entries in the contracts register and to publication of contract award notices.

Local authorities have legal obligations under the Equality Act 2010 relating to the **Public Sector Equality Duty (PSED)**, as part of which they must give due regard to the need to eliminate unlawful discrimination, victimisation and harassment, advance equal opportunity and foster good relations in respect of protected characteristics. They must also assess the equality impact of proposed and revised policies and practices.

For a number of years, this duty, in regard to decision making, has been evidenced by the Council through the use of Integrated Impact Assessments (IIA). These have accompanied committee reports which recommend a decision requiring the "due regard" referred to above to be taken into account. Equality impacts, as well as impacts of the UN Convention on the Rights of the Child, Human Rights impacts and socio-economic impacts are all captured with the IIA, although the only requirement with a legislative duty is the equality duty and the socio-economic duty.

In 2023/24, officers reviewed the measures in place to support members to consider the possible impacts of recommendations on protected characteristics. This was partly in response to the judicial review of Council decisions following the closure of libraries and Bucksburn Swimming Pool in the 2023 budget process, and also to ensure that the Council is fully compliant with the Public Sector Equality Duty. In addition, it is clear that the financial challenges faced by local authorities place considerable pressure on our ability to deliver the services we are responsible for, the impacts of which must be understood and mitigated for in future annual budget decision making processes.

An improvement plan was overseen by the interim Chief Officer – Governance including changes which were structural - having the right policies, templates and processes in place; and cultural – having the right mindsets, training, support and social pressure/expectations for our workforce.

Following this approach, and accompanying gap analysis, a comprehensive and holistic action plan was developed and significant progress made culminating in the completion of over 100 IIAs as part of the annual budget setting to inform member decision-making.



- 4.11 Management sources of assurance and activities over and above those summarised have been reviewed by each Chief Officer with reference to their own portfolio. Each Chief Officer has confirmed progress against the commitments made in the previous year's Annual Governance Statement, any additional activity against the CIPFA/SOLACE principles of governance, as well as strength or weaknesses in internal financial controls. Taken together, these sources meet the requirements for management assurance to support the self-evaluation at section 5 alongside internal audit and external audit, inspection and scrutiny.
- 4.12 Any significant control weaknesses are documented at section 5 as Governance Issues and Irregularities further to assessment of returns by the extended Corporate Management Team. For 2023/2024, two issues are highlighted and improvement plans are in place.

#### Internal Audit

- 4.13 The Audit, Risk and Scrutiny Committee remained responsible for ensuring the effectiveness of the Internal Audit function, which continued to be provided through a shared arrangement with Aberdeenshire Council's Internal Audit Team during the financial year.
- 4.14 In 2023/24, the Chief Internal Auditor provided the Council with its annual statement on the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ending 31 March 2024. In the Chief Internal Auditor's opinion, Aberdeen City Council had an adequate framework for Governance, Risk Management and Control, covering the period 1 April 2023 to 31 March 2024. The report provided details of the position relating to the audits contained within the 2023/24 audit plan, part of the wider 2023-26 audit plan, and highlighted that recommendations made had been accepted by management and if taken to full implementation will improve the Council's internal control environment and lower the overall risk profile. The report also further confirmed the organisational independence of Internal Audit.
- 4.15 The Committee received a range of reports during the year produced by Internal Audit that enabled scrutiny and questioning of officers to take place. This helped the Committee to gain assurance over the adequacy of the control environment and further assurance about identified weaknesses and actions being taken to address them. Major risks identified during the year primarily concerned Procurement (Secondary School Visits), Compliance (Pupil Equity Funding, Attendance Management, Vehicle and Driver Compliance, Corporate Asset Management), and Monitoring (Vehicle and Driver Compliance, Biodiversity and the Natural Environment, Corporate Asset Management, Out of Authority Placements). In addition, a review of Adults with Incapacity presented a Major net risk overall, with limited assurance over areas such as Procedures and Training, Complete and Consistent Records, Minimum Intervention and Financial and Fund Controls.
- 4.16 Progress made by officers in implementing recommendations is monitored by Internal Audit and reported to the Audit, Risk and Scrutiny Committee each cycle within the Chief Internal Auditor's Progress Report. In 2024, 99 actions were completed in year (compared to 119 in 2023) and as at year end, 123 audit recommendations were open (compared to 82 in 2023), 27 of which were due for implementation and the remaining 96 due in the future (either as the original planned date of implementation or through an agreed extension which has been reported to the Committee). The vast majority of these recommendations were rated as either Minor (23) or Moderate (76), with the remaining recommendations (24) being in the more significant Major space. These numbers include the HSCP work but exclude the IJB and Pension Fund. Management have highlighted in update reports that, where necessary, progress with implementing actions has continued but some have taken longer than expected due to factors such as resourcing and delivery of other priority areas. Internal Audit considers this an appropriate and proportionate response to the management of risk overall.
- 4.17 The Internal Audit Plan for 2024-27 was approved by the Audit, Risk and Scrutiny Committee on 12 February 2024. This continues the trend of a three-year rolling plan that allows Internal Audit and the Council overall to gain a better understanding of the wider operating environment and to ensure that on a continuous basis it is covering off a sufficient range of the Council's operations.

## External Audit, Scrutiny and Inspection

- 4.18 The Council's appointed External Auditor for the period 2023/24 to 2028/29 inclusive is Audit Scotland. Audit Scotland report regularly to the Audit, Risk and Scrutiny Committee and their reports cover the range of year-end financial audits that are required at a local level and with a national perspective, together with updates on outstanding external audit recommendations, including Best Value audits.
- 4.19 The External Audit Annual Report 2022/23 was submitted to Audit, Risk and Scrutiny Committee in May 2024, later than planned due to an internal requirement to move the meeting date. The annual report found that the Council had:
- appropriate arrangements to secure sound financial management. Quarterly management accounts are provided to the Finance and Resources Committee. Controls within the main financial systems were operating satisfactorily while standards of conduct and arrangements for the prevention and detection of fraud were adequate.
  - The council has an effective best value framework in place. It has set clear priorities for the next five years. These have been reflected in a refreshed delivery plan and steps continue to be taken to further improve the quality of how the council reports its performance.

The report considered that Management had:

- prepared the financial statements to give a true and fair view, the audited part of the remuneration report was prepared in accordance with the financial reporting framework and the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.
- A robust approach to medium and longer-term financial planning is in place to manage ongoing financial challenges. A seven-year financial plan is prepared showing the savings required each year to deliver a break-even position.

The report also considered Governance arrangements are appropriate and operated effectively but scrutiny arrangements could be improved. The council's performance in the Local Government Benchmarking Framework remains positive. It shows improvement in 47% of indicators which is above the Scottish average (43%).

- 4.20 External audits and inspections were reported to the Risk Board according to an Inspections Planner which monitors all activity across services and reviews inspection reports based on the Council's agreed risk appetite. For the reporting period, the following inspections were reported to the Risk Board and relevant committees of Council:

### Education Scotland – School Inspections

A number of school inspections have taken place over the year and been reported to the Education and Children's Services (ECS) Committee. Inspection outcomes evidence continued variation although there is evidence of slow but positive movement in terms of inspection outcomes, the pace of change has been impacted in part by the central team covering vacant Head Teacher posts. A Quality Improvement Framework (QIF) was developed to document our approach to securing improvement and presented to the ECS Committee for approval prior to the 2023/24 school session, anticipated inspection outcomes were also shared with Members of ECS Committee. Each school inspection triggers a review of our current arrangements as outlined in the QIF to help determine if our approaches could be strengthened further. A refreshed QIF, based on learning from the year will be presented to ECS Committee in July.

**Care Inspectorate – ELC Inspections**

A number of Early Learning and Childcare (ELC) inspections have taken place and been reported to the ECS Committee. Inspection outcomes evidence a gradually improving picture with some evaluations of 'excellent' now coming through, those demonstrating best practice are being utilised to support improvement in other settings. An ELC Quality Improvement Framework (QIF) was developed to document our approach to securing improvement and presented to the ECS Committee for approval prior to the 2023/24 school session, anticipated ELC inspection outcomes were also shared with Members of ECS Committee. Each Early Learning and Childcare inspection triggers a review of current arrangements as outlined in the QIF to help determine if our approaches could be strengthened further. A refreshed ELC QIF, based on learning from the year, will be presented to ECS Committee in July.

**Food Standards Scotland – Food Law Enforcement**

Food Standards Scotland (FSS) carried out an audit of local authority implementation of interventions Food Law Code of Practice (Scotland) in December 2022 and the final audit report was made available in April 2023. The findings were presented to the Communities, Housing and Public Protection Committee in May 2023. While the audit report was mostly positive, there were areas of concern in relation to insufficient numbers of inspections being carried out and insufficient staffing levels to meet the required inspection numbers. There is a recognised national shortage of qualified food safety officers, and in conjunction with professional bodies work continues to introduce alternative study routes into the profession. These are currently being used and the service have subsequently recruited two trainee food safety officers, with the recruitment process currently being undertaken for a third. All other points raised within the audit report have been completed and closed by FSS.

**Care Inspectorate – Secure Care Pathway Thematic Review**

The Care Inspectorate completed a thematic review on "Secure Pathway" to consider how young people in secure care experience secure care and how the Secure Pathway and standards are being implemented across Scotland. The review was conducted in August 2023 with the final report made available in October and reported to the Education and Children's Service Committee in February 2024. The report recommended that local corporate parents evaluate their practice and services against the review findings and incorporate the required actions into their children's services plan. The report also highlighted the need for national resources and support to address the challenges of secure care and its alternatives. Aberdeen City has placed very few children in secure care and has already identified some areas of improvement in its plans. Thematic messages will subsequently be presented for Corporate Parenting to the Children's Services Board in forthcoming months.

**Housing Benefit Performance Audit**

Audit Scotland also completed audit work on housing benefit in all 32 local authorities to consider the extent to which Scottish local authorities are complying with their statutory responsibility to secure continuous performance improvement, having regard to economy, efficiency, effectiveness and equality. The audit for Aberdeen City Council was undertaken in 2023 with the final report made available in December. Implementation of the recommendations is being overseen by the Performance Board via an agreed action plan and focuses primarily on accuracy checks, debt recovery, monitoring of fraud overpayments and the setting of in-year targets to ensure a focus on strengthening performance.

**Best Value Activity**

- 4.21 Audit Scotland prepared and produced a Best Value thematic report on "*Leadership in the Development of the Council's Strategic Priorities*". This noted that the Council has ambitious plans for Aberdeen, that our vision and priorities are well articulated and embedded within our strategic planning framework, and that the

Council Delivery Plan clearly sets out commitments for the year. Movement in relation to inequality, climate change, transformation has been positive, and there is a robust approach to budgeting, longer-term financial planning and our strategies.

- 4.22 Areas for improvements relate to a need for sustained commitment from all members to cross-party working, particularly on governance, a need to improve scrutiny by the Audit, Risk and Scrutiny Committee where service committees are reporting a service failure or problem, and a need for some criteria in the use of delegated powers for politically sensitive matters.

### Partnership Working and Group Structure

- 4.23 The Council is a complex organisation with many controlling interests in other entities. As such the influence, accountability and responsibilities that the Council has in respect of the organisations which form part of its Group are vitally important. It is essential that arrangements are in place which provide assurance to the Council in its relationship with these organisations. This statement extends to cover our relationships with the organisations included in the Council's Group Accounts, referred to as the "ACC Group".
- 4.24 In terms of the controlling interest in the group entities, assurances in relation to their control environment have been sought and received from organisations included within the Group. This assurance has been provided by either the Managing Director or Finance Director, as evidenced by each organisation's most recent audited accounts. The Council also receives assurance from officers who attend board meetings and receive operational and performance information on a regular basis.
- 4.25 The ALEO Strategic Partnership continued to operate to ensure the appropriate controls were in place:
- Reporting to Finance and Resources Committee on budget monitoring activity
  - Performance reports to Council annually from Tier 1 ALEOs (August 2023) in respect of their contribution to the Council and the city's stretch outcomes.
  - ALEO Assurance Hub reports twice a year to Audit, Risk and Scrutiny Committee (June and November)
- 4.26 The following ALEOs fall within the remit of the Assurance Hub, whose annual workplan for the year ending December 2024 was approved by Committee in February 2023:
- Sport Aberdeen
  - Aberdeen Sports Village Ltd
  - Bon Accord Care Ltd
  - Aberdeen Heat and Power Company Ltd
  - Aberdeen Performing Arts
- 4.27 The ALEO Assurance Hub has a remit to provide oversight of each ALEO's risk management, financial management and governance arrangements. The purpose of the Hub is to provide assurance to Council on ALEO governance whilst balancing this need with the rights of ALEOs to govern themselves as independent entities. The Hub continues to adopt a proportionate and risk-based approach and receives assurance from ALEOs through exception reporting which allows it to assess the level of risk to the Council. The Assurance Hub also continues to report to the Audit, Risk and Scrutiny Committee to ensure that Members have assurance on the governance arrangements, risk management, and financial management of the ALEOs. The most recent report to Committee in December 2023 reflected that ALEOs continue to be affected by a variety of commercial and economic challenges including on-going energy market volatility and inflationary pressures, however, the Hub is satisfied that financial stewardship arrangements continue to be robust and present as low risk to the Council. The Hub also monitored the BP Joint Venture in the early stages of business set up.
- 4.28 The Council engaged with ALEOs on the new Protect duty ("Martyn's Law") which is expected to come into force in 2024/25 and which will impact their asset management plans and resilience risk management arrangements.

- 4.29 The Assurance Hub undertakes an annual review of its Terms of Reference to ensure they remain fit for purpose. This was completed in May 2023 when minimal changes were made.

The **Aberdeen City Integration Joint Board (IJB)** has taken a number of steps during 2023/2024 to further strengthen its governance arrangements. These include:-

- Scheme of Governance Review and Review of IJB Financial Regulations
- Review of Duties and Year End Report-Annual Review of Risk, Audit and Performance Committee
- Senior Leadership Team Business Meetings – monitors finance, risk, performance etc. on a monthly basis as well as horizon scans and reviews and plans IJB and Committee reports
- Risk Audit and Performance Committee reviews performance against the Strategic Plan on a quarterly basis
- Approval of Strategic Risk Registers and Risk Appetite Statements following a Members' Workshop - including a deeper dive on the workforce and commissioning strategic risks
- Approval of ACHSCP Annual Performance Report for 2022/23
- IJB received an annual performance report on the Carers Strategy (statutory requirement).
- Annual Report on progress against the Locality Plans presented to Community Planning Aberdeen, IJB endorsed the further development of locality working including the continued delivery of Locality Planning and the Aberdeen City Health and Social Care Partnership (ACHSCP) Strategic Plan.
- First Annual Review of ACHSCP's Workforce Plan 2022-2025
- Annual Procurement Workplan approved - Direct award of contracts for expenditure on social care services for the community

The IJB Chief Officer considers:-

- that the IJB, the Risk Audit and Performance Committee and the Clinical and Care Governance Committee apply regular and appropriate scrutiny to the work of the ACHSCP and its delivery of services in partnership with Aberdeen City Council and NHS Grampian
- that the internal control environment provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives and strategic priorities will be identified and actions taken to avoid or mitigate their impact.
- that sufficient systems are in place to continually review and improve the internal control environment and action plans are in place to identify areas for improvement.
- that the Adult Protection Committee and Chief Officer's Group provides sufficient oversight of the adult support and protection arrangements delegated to the IJB.

It is the IJB Chief Officer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City IJB's systems of governance for the period 2023/24.

## 5. GOVERNANCE ISSUES AND IRREGULARITIES

5.1 While the review of effectiveness allows the Council to place reasonable reliance on the Council's, and its Groups', systems of internal control, the Council continues to address control weaknesses identified during audits and other significant matters arising. Two significant governance issues for the reporting period 2023/2024 have been included below, alongside actions taken to date and those planned for 2024/25.

Item no.	Issue	Description of Irregularity	Actions to manage
1.	Integrated Impact Assessments	The Council received legal challenge following some budget decisions in March 2023, based on a failure to consider the Public Sector Equality Duty (PSED). It was evident that the completion of the Integrated Impact Assessments (IIAs) relating to these budget decisions was not robust, and the Council had to improve governance around completing these IIAs to show due regard to people with protected characteristics as part of decisions being taken.	<ul style="list-style-type: none"> <li>The Council set up a cross cluster internal IIA Working Group which met weekly to action governance improvements to this process</li> <li>Training for Officers and Elected Members on the PSED and the Council's obligations to have due regard when making decisions was provided by internal and external legal.</li> <li>The legal challenges were settled following fresh IIA's and decision making</li> <li>The Council updated the IIA template and process that is followed by all staff.</li> <li>Training will continue to be provided regularly on this, to ensure integration of this as part of the Council's culture.</li> </ul>
2.	Fraud	The Council identified fraudulent activity during the year.	<ul style="list-style-type: none"> <li>The financial controls environment was immediately revised and updated</li> <li>Systems are being updated to correct Council records relating to the fraudulent activity</li> <li>The Council continues to review and make changes to financial controls where necessary</li> <li>Internal audit scrutiny of counter fraud will continue in 2024/25</li> </ul>

**6. ACTION PLAN 2024/25**

6.1 In 2024/2025 we will continue to progress with the review and monitoring of the Council's governance arrangements and a number of key activities will be completed. This will be supported by the Risk Board, Transformation Board, Strategy Board and Performance Board, all reporting into Corporate Management Team. The table below highlights the primary actions planned in 2024/2025:

Action	Chief Officer	Target Completion Date
Cross Party working to be expanded in pursuance of improved governance and to respond to Audit Scotland recommendations.	Chief Officer – Governance	March 2025
Review of Scheme of Governance including updated Budget Protocol and Financial Regulations	Chief Officer - Governance	July 2024 and February 2025
Complete the next phase of improvements to Integrated Impact Assessments	Chief Officer – People and Citizen Services	March 2025
Ownership of commissioning cycle and alignment of ECMT collective/agenda	Chief Executive	March 2025
Review of Committee Structure and Terms of Reference	Chief Officer - Governance	February 2025

**7. SIGN OFF**

Angela Scott	Councillor Allard	Councillor Yuill
Chief Executive	Co-Leader of the Council	Co-Leader of the Council

7.1 The Council has undertaken a self-evaluation of its Local Code of Corporate Governance as at 31 March 2024. This demonstrates that

reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance.

This review demonstrates sufficient evidence that the Code of Corporate Governance operates effectively, and provides a clear pathway for the enhancement of our governance arrangements over the coming year. We are satisfied that the programme of improvement actions will help to raise the standard of governance and provide assurance to our internal and external auditors, and other bodies with a role to play in evaluating our structures. We are also satisfied that their implementation and operation will be monitored closely as part of the next annual review.

On behalf of Aberdeen City Council, 09 May 2024:

## Remuneration Report

The Local Authority Accounts (Scotland) Regulations 2014 require local authorities in Scotland to prepare a Remuneration Report as part of their Annual Accounts.

All information disclosed in Tables 1 to 9 in this report will be audited by external audit. The other sections of the Remuneration Report will be reviewed by external audit to ensure that they are consistent with the financial statements.

### Remuneration:

The remuneration of councillors is regulated by the Local Governance (Scotland) Act (Remuneration) Amendment Regulations 2023 (SSI No. 2023/21) which amended the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of councillors for the purpose of remuneration arrangements, as either the Leader of the Council, the Lord Provost, Senior Councillor or Councillor. The Leader of the Council and the Lord 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 paid to the Leader of the Council is set out in the Regulations. For 2023/24, the salary of the Leader of Aberdeen City Council is £46,902. The Regulations permit the Council to remunerate one Lord Provost and sets out the maximum salary that may be paid. Council policy is to pay at the national maximum, £35,179.

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 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its Senior Councillors shall not exceed £525,117. The Council can exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The maximum number of Senior Councillors that the Council can have is 19. Council policy is to pay Committee Conveners 74 per cent of the total yearly amount payable to the Leader of the Council, £34,707. The remaining Senior Councillors receive 74 percent of the rate payable to the Civic Head, £26,032.

In 2023/24, Aberdeen City Council had 15 Senior Councillor posts. The salary and allowances paid to them totalled £477,230 which was below the maximum allowed.

The Regulations also permit the Council to pay contributions covering other payments, as required, to the Local Government Pension Scheme in respect of those Councillors who elect to become councillor members of the pension scheme.

The salary of senior employees is set by reference to local arrangements. During the recruitment of the Chief Executive in 2008/09, the Council agreed to pay the Chief Executive a salary based on local conditions at that time. This pay base line has not changed on any subsequent Chief Executive appointments.

The salaries of the Executive Directors; Directors and Heads of Service are based on Aberdeen City Council's local job evaluation model and applied in conjunction with the national Chief Officer spinal column (Salary Scale) points. Executive Directors are based on Chief Officer spinal point 58 replacing Directors which were based on Chief Officer spinal column point 53. The Chief Officers of Finance, Governance, Strategic Place Planning and Children's Social Work and Family Support and the Chief Education Officer are paid based on spinal column point 36.

Aberdeen City Council takes part in the setting of the remuneration of its subsidiaries, Sport Aberdeen Ltd, Bon Accord Support Services Ltd, Bon Accord Care Limited and Aberdeen Heat and Power only in so far as it is represented on the Board of Directors by elected members.



Remuneration Disclosures:**Table 1: In bands of £5,000 the number of people who have received actual salary remuneration of greater than £50,000 .**

This includes, where applicable, head teachers and other senior teaching staff.

	2022/23	2023/24
<b>Remuneration Band</b>	Number of Employees (Headcount)	
£50,000 - £54,999	258	725
£55,000 - £59,999	120	232
£60,000 - £64,999	138	105
£65,000 - £69,999	44	129
£70,000 - £74,999	11	83
£75,000 - £79,999	10	39
£80,000 - £84,999	8	24
£85,000 - £89,999	7	18
£90,000 - £94,999	11	4
£95,000 - £99,999	3	11
£100,000 - £104,999	1	6
£105,000 - £109,999	1	4
£130,000 - £134,999	3	-
£140,000 - £144,999	-	3
£165,000 - £169,999	1	-
£170,000 - £174,999	-	1
£175,000 - £179,999	-	1
<b>Total</b>	616	1,385

Table 1 shows the total number of council employees receiving remuneration in each band, starting at £50,000. Remuneration includes early retirement/voluntary severance costs.

**Table 2: Details of total remuneration paid to the Council's Councillors.**

	2022/23 £	2023/24 £
Salaries	1,097,465	1,124,165
Expenses	8,022	8,603
<b>Total</b>	<b>1,105,487</b>	<b>1,132,768</b>

**Table 3: Details of exit packages.**

Exit Package Cost Band	Number of Exit Packages Approved		Cost of Exit Packages £'000					
	2022/23	2023/24	2022/23			2023/24		
			Benefits to Employee	Strain on Fund	Total	Benefits to Employee	Strain on Fund	Total
£0 - £19,999	-	8	-	-	-	91	2	93
£20,000 - £39,999	1	3	9	24	33	60	17	77
£40,000 - £59,999	4	5	90	124	214	163	75	238
£60,000 - £79,999	1	-	21	40	61	-	-	-
£80,000 - £99,999	-	2	-	-	-	37	131	168
£100,000 - £149,999	1	4	18	107	125	122	424	546
£150,000 - £199,999	4	-	73	628	701	-	-	-
£200,000 - £249,999	3	-	50	595	645	-	-	-
<b>Total</b>	<b>14</b>	<b>22</b>	<b>261</b>	<b>1,518</b>	<b>1,779</b>	<b>473</b>	<b>649</b>	<b>1,122</b>

**Table 4: Details of remuneration paid to the Council's Senior Councillors.**

The 'Non-Cash Expenses' shown are telephone, internet and the cost of travel and subsistence incurred or booked on behalf of Councillors travelling on Council business.

2022/23	2022/23 *			2023/24	2023/24			
Full Time Equivalent £	Total Remuneration £	Councillor Name	Responsibility	Full Time Equivalent £	Salary, Fees and Allowances £	Non-Cash Expenses £	Total Remuneration £	Notes
33,795	29,486	Christian Allard	Council Co-Leader (from 23rd May 2023)	46,902	45,165	3,583	48,748	1
33,795	32,292	Ian Yuill	Council Co-Leader	34,707	34,707	982	35,689	2
45,669	43,147	Alex Nicoll	Council Co-Leader (until 22nd May 2023)	46,902	6,682	12	6,694	3
34,254	33,042	David Cameron	Lord Provost	35,179	35,179	1,502	36,681	
33,795	29,472	Steven Delaney	Depute Lord Provost	34,707	34,707	82	34,789	4
33,795	29,434	Gillian Al-Samarai	Convener, Licensing Committee	34,707	34,707	-	34,707	5
33,795	29,636	John Cooke	Convener Pensions Committee	34,707	34,707	109	34,816	6
33,795	29,486	Neil Copland	Convener of Staff Governance	34,707	34,707	31	34,738	7
33,795	29,486	Martin Greig	Convener, Education & Children's Services Committee	34,707	34,707	31	34,738	
33,795	3,319	Mohammad Tauqeer Malik	Convener, Audit, Risk and Scrutiny Committee (from 28th June 2023)	34,707	26,319	21	26,340	
33,795	29,486	Alexander McLellan	Convener, Finance & Resources Committee	34,707	34,707	80	34,787	
25,348	25,615	Ciaran McRae	Convener, Planning Development Management (from 14 June 2023)	34,707	32,948	31	32,979	8
33,795	29,602	Miranda Radley	Convener, Communities, Housing & Public Protection Committee	34,707	34,707	531	35,238	9
25,348	22,077	Desmond Bouse	Vice Convener Planning Development Management	26,032	26,032	-	26,032	10
33,795	29,565	Dell Henrickson	Vice Convener, Communities, Housing & Public Protection Committee (from 14 June 2023)	26,032	27,791	183	27,974	11
25,348	25,448	Ryan Houghton	Vice Convener, Audit, Risk & Scrutiny	26,032	26,032	31	26,063	
25,348	22,279	Neil MacGregor	Vice Convener Pensions Committee	26,032	26,032	109	26,141	
25,348	22,129	Jessica Mennie	Vice Convener, Education & Children's Services Committee	26,032	26,032	31	26,063	
34,254	6,857	Barney Crockett	Convener, Audit, Risk & Scrutiny Committee (until 27th June 2023)	34,707	8,388	12	8,400	
	<b>501,858</b>	<b>Total</b>			<b>564,256</b>	<b>7,361</b>	<b>571,617</b>	

\* 2022/23 figures restated to remove Councillors who left in prior year.

<b>Note 1:</b>	Councillor Allard is also Convener of Anti-Poverty & Inequality Committee and Vice Convener of Urgent Business Committee from 23rd May 2023.
<b>Note 2:</b>	Councillor Yuill is also Convener of Urgent Business Committee, Net Zero, Environment & Transport Committee and Vice Convener of Finance & Resources Committee.
<b>Note 3:</b>	Councillor Nicoll was also Convener of Aberdeen City Region Deal and Vice Convener of Urgent Business Committee until 22nd May 2023
<b>Note 4:</b>	Councillor Delaney is also Vice Convener of Licensing.
<b>Note 5:</b>	Councillor Al-Samarai is also Vice Convener of Appeals and of Staff Governance.
<b>Note 6:</b>	Councillor Cooke is also Vice Chair of the Integration Joint Board.
<b>Note 7:</b>	Councillor Copland is also Convener of Appeals and Licensing Board.
<b>Note 8:</b>	Prior to his appointment to convener of Planning Development Management Councillor McRae was Vice Convener of Communities, Housing & Public Protection Committee until 13th June 2023.
<b>Note 9:</b>	Councillor Radley is also Vice Convener of Net Zero, Environment & Transport Committee.
<b>Note 10:</b>	Councillor Bouse is also Vice Convener, Anti-Poverty & Inequality Committee.
<b>Note 11:</b>	Prior to his appointment to Vice Convener of Communities, Housing and Public Protection Councillor Henrickson was Convener of Planning Development Management until 13th June 2023.

**Table 5: Details of remuneration paid to Senior Employees of the Council.**

2022/23	Restated 2022/23 *			2023/24	2023/24			
Full Time Equivalent £	Total Remuneration £	Name	Post Title	Full Time Equivalent £	Salary £	Compensation for Loss of Employment £	Total Remuneration £	Notes
169,499	169,499	Angela Scott	Chief Executive	179,754	179,754	-	179,754	
131,841	131,841	Andy MacDonald	Executive Director - Corporate Services (from 5 March 2024)	150,491	140,592	-	140,592	1
131,841	132,131	Gale Beattie	Executive Director - City Regeneration and Environment (from 7 March 2024)	150,491	140,534	-	140,534	1
131,841	108,919	Eleanor Sheppard	Executive Director Families and Communities (from 4 March 2024)	150,491	140,620	-	140,620	1
131,841	131,841	Steven Whyte	Director - Resources (until 31 March 2024)	139,817	139,817	31,787	171,604	
97,458	97,458	Jonathan Belford	Chief Officer - Finance	103,354	103,354	-	103,354	
97,458	32,638	Jenni Lawson	Chief Officer - Governance (Monitoring Officer)(from 1 April 2024)	103,354	87,600	-	87,600	2
97,458	31,656	Vikki Cuthbert	Interim Chief Officer - Governance (Monitoring Officer)	103,354	87,600	-	87,600	2
-	-	David Dunne	Chief Officer - Strategic Place Planning (Planning Officer) (from 14 March 2024)	103,354	4,793	-	4,793	3
97,458	97,458	Graeme Simpson	Chief Officer - Children's Social Work and Family Support	103,354	103,354	-	103,354	
97,458	31,438	Shona Milne	Chief Education Officer	103,354	106,732	-	106,732	
	<b>964,879</b>	<b>Total</b>			<b>1,234,750</b>	<b>31,787</b>	<b>1,266,537</b>	

\* 2022/23 figures restated to remove employees who left in prior year.

<b>Note 1:</b>	Prior to their appointment to Executive Director posts Andy MacDonald, Gale Beattie and Eleanor Sheppard were Director of Customer Services; Director of Commissioning and Interim Director of Children's & Family Services respectively.
<b>Note 2:</b>	Prior to Jenni Lawson's appointment to CO - Governance, Jenni and Vikki Cuthbert covered the post 50/50 on an interim basis
<b>Note 3:</b>	Post held by David Dunne includes the function of Planning Officer which is a new statutory post.

Remuneration received by employees is salary. There were no bonuses or other benefits paid to senior employees during the year.

The senior employees included in Table 5 include any Council employee:

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

**Table 6: Details of remuneration paid to the Senior Employees of the Council's subsidiary bodies i.e. Sport Aberdeen Ltd, Bon Accord Support Services Ltd, Bon Accord Care Ltd and Aberdeen Heat and Power.**

2022/23	2022/23			2023/24	2023/24		
Full Time Equivalent £	Total Remuneration £	Name	Post Title	Full Time Equivalent £	Salary, Fees and Allowances £	Compensation for Loss of Office £	Total Remuneration £
112,400	112,400	Alistair Robertson	Managing Director Sport Aberdeen Ltd (until 31 March 2024)	112,400	113,246	55,000	168,246
108,690	108,690	Pamela McKenzie	Managing Director Bon Accord Support Services Ltd and Bon Accord Care Ltd	116,223	116,223	-	116,223
74,386	74,386	Ian Davidson	Chief Executive Officer Aberdeen Heat and Power	77,965	77,965	-	77,965
<b>295,476</b>	<b>295,476</b>	<b>Total</b>			<b>307,434</b>	<b>55,000</b>	<b>362,434</b>

#### Pension Benefits

Pension benefits for Councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). Aberdeen City Council is a member of the North East Scotland Pension Fund (NESPF).

Councillors' pension benefits up to 31 March 2015 are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

From 1 April 2015 the pension is calculated as 1/49<sup>th</sup> of pensionable pay for each year to 31 March. This is then revalued by the appropriate factor on 1 April and carried forward into the next year.

For local government employees, this is a final salary pension scheme for all service up until 31 March 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. From 1 April 2015 it is a Career Average Revalued Earnings (CARE) scheme where the pension is calculated at 1/49<sup>th</sup> of the pensionable pay for the year. This is then revalued by the appropriate factor on 1 April and carried forward into the next year.

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

The tiers and members contribution rates are as follows:

<b>Pensionable pay (2022/2023)</b>	<b>Contribution rate 2022/23</b>	<b>Pensionable pay (2023/24)</b>	<b>Contribution rate 2023/24</b>
On earnings up to and including £23,000	5.5%	On earnings up to and including £25,300	5.5%
On earnings above £23,001 and up to £28,100	7.25%	On earnings above £25,301 and up to £31,000	7.25%
On earnings above £28,101 and up to £38,600	8.5%	On earnings above £31,001 and up to £42,500	8.5%
On earnings above £38,601 and up to £51,400	9.5%	On earnings above £42,501 and up to £56,600	9.5%
On earnings of £51,401 and above	12%	On earnings of £56,601 and above	12%

Previously, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job with actual contributions paid on actual pay earned. From April 2015 the contribution rate for part timers is worked out on their actual pay and not the whole -time pay rate for the job.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) their annual pension for a lump sum payment up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49<sup>th</sup> of pensionable pay (from 2009 to 2015 the accrual rate guaranteed a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service).

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

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not necessarily just their current appointment.

The scheme's normal retirement age for both Councillors and employees is their New State Pension Age.

#### Pension Disclosures:

Table 7: Details of pension contributions made by the Council to the North East Scotland Pension Fund (NESPF) on behalf of Senior Councillors, and their individual pension entitlements as at 31 March 2024.

Table 8: Details of pension contributions made by the Council either to the NESPF or Scottish Teachers Superannuation Scheme (STSS) on behalf of Senior Employees of the Council, and their individual pension entitlements as at 31 March 2024.

Table 9: Details of pension contributions made by the Council's subsidiary bodies i.e. Sport Aberdeen Ltd, Bon Accord Support Services Ltd, Bon Accord Care Ltd and Aberdeen Heat and Power, on behalf of their Senior Employees.

Table 7: Pension Benefits – Senior Councillors

Councillor Name	Responsibility	In-year Pension Contributions by ACC		Accrued Pension Benefits		
		Restated for year to 31 March 2023 * £	For year to 31 March 2024 £		As at 31 March 2024 £'000	Difference from 31 March 2023 £'000
Christian Allard	Council Co-Leader (from 23rd May 2023)	5,721	8,084	Pension	4	1
Ian Yuill	Council Co-Leader	5,827	6,213	Pension Lump Sum	9 2	1 -
Steve Delaney	Depute Lord Provost	5,721	6,213	Pension	6	2
John Cooke	Convener Pensions Committee	5,721	6,213	Pension	3	-
Neil Copland	Convener of Staff Governance	5,721	6,213	Pension	5	1
Martin Greig	Convener, Education & Children's Services Committee	5,721	6,213	Pension Lump Sum	8 2	1 -
Mohammad Tauqeer Malik	Convener, Audit, Risk and Scrutiny Committee (from 28th June 2023)	3,757	5,581	Pension	6	1
Alexander McLellan	Convener, Finance & Resources Committee	5,721	6,213	Pension	3	-
Ciaran McRae	Convener, Planning Development Management (from 14 June 2023)	5,028	5,121	Pension	3	-
Miranda Radley	Convener, Communities, Housing & Public Protection Committee	5,721	6,213	Pension	2	1
Desmond Bouse	Vice Convener Planning Development Management	4,197	4,660	Pension	1	1
Dell Henrickson	Vice Convener, Communities, Housing & Public Protection Committee (from 14 June 2023)	5,721	4,975	Pension	3	-
Ryan Houghton	Vice Convener, Audit, Risk & Scrutiny	3,943	4,660	Pension	4	-
Neil MacGregor	Vice Convener Pensions Committee	4,404	4,660	Pension	8	2
Jessica Mennie	Vice Convener, Education & Children's Services Committee	4,404	4,660	Pension	2	1
Barney Crockett	Convener, Audit, Risk & Scrutiny Committee (until 27th June 2023)	4,388	4,860	Pension Lump Sum	14 3	2 -
<b>Total</b>		<b>81,716</b>	<b>90,752</b>	<b>Pension Lump Sum</b>	<b>81 7</b>	<b>14 -</b>

\* 2022/23 figures restated to remove Councillors who left in prior year.

Councillors Nicoll, Cameron and Al-Samarai are not in the Local Government Pension Scheme.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment. This may be enhanced in some cases where the employee has transferred in a previous pension from another pension scheme.



Table 8: Pension Benefits – Senior Employees

Name	Post Title	In-year Pension Contributions by ACC		Accrued Pension Benefits			
		Restated for year to 31 March 2023 * £	For year to 31 March 2024 £		As at 31 March 2024 £'000	Difference from 31 March 2023 £'000	Note
Angela Scott	Chief Executive	30,340	32,176	Pension	93	9	
Andy MacDonald	Executive Director - Corporate Services	23,600	25,166	Pension Lump Sum	42 19	6 1	
Eleanor Sheppard	Executive Director Families and Communities	25,051	33,054	Pension Lump Sum	42 84	- -	1
Gale Beattie	Executive Director - City Regeneration and Environment	23,600	25,156	Pension Lump Sum	48 70	5 4	
Steven Whyte	Director - Resources (until 31 March 2024)	23,600	25,027	Pension Lump Sum	59 69	8 4	
Jonathan Belford	Chief Officer - Finance	17,445	18,500	Pension Lump Sum	49 69	5 4	
Jenni Lawson	Chief Officer - Governance (Monitoring Officer)(from 1 April 2024)	13,899	14,471	Pension	9	2	
Vikki Cuthbert	Interim Chief Officer - Governance (Monitoring Officer)	13,899	15,680	Pension Lump Sum	29 25	4 3	
David Dunne	Chief Officer - Strategic Place Planning (Planning Officer) (from 14 March 2024)	16,721	17,732	Pension	16	3	
Graeme Simpson	Chief Officer - Children's Social Work and Family Support	17,445	18,500	Pension Lump Sum	45 54	5 3	
Shona Milne	Chief Education Officer	18,564	24,548	Pension Lump Sum	43 96	- -	1
<b>TOTAL</b>		<b>224,164</b>	<b>250,010</b>	<b>Pension Lump Sum</b>	<b>459 486</b>	<b>47 19</b>	
* 2022/23 figures restated to remove employees who left in the prior year and to include the in-year pension contributions for employees who were not senior in prior year.							
<b>Note 1:</b>	Eleanor Sheppard and Shona Milne are members of the Scottish Teacher's pension scheme. Accrued pension benefits are currently not available for 31 March 2024 so no movement is shown.						

- The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment. This may be enhanced in some cases where the employee has transferred in a previous pension from another pension scheme.

**Table 9: Pension Benefits – the Council's Subsidiary Bodies**

Name	Post Title	In-year Pension Contributions		Accrued Pension Benefits		
		For year to 31 March 2023 £	For year to 31 March 2024 £		As at 31 March 2024 £'000	Difference from 31 March 2023 £'000
Alistair Robertson	Managing Director Sport Aberdeen Ltd (until 31 March 2024)	11,221	10,578	Pension	82	10
Pamela MacKenzie	Managing Director Bon Accord Support Services Ltd and Bon Accord Care Ltd	21,150	22,431	Pension	6	2
Ian Davidson	Chief Executive Officer Aberdeen Heat and Power	15,875	18,166	Pension	8	1
<b>Total</b>		<b>48,246</b>	<b>51,175</b>	<b>Total</b>	<b>96</b>	<b>13</b>

**Trade Union Facility Time**

The Trade Union (Facility Publication Requirements) Regulations 2017 require employers in the public sector to publish information on facility time. The purpose of the regulations is to promote transparency and allow for public scrutiny of facility time. Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. The information set out by the regulations is disclosed below:

**Trade Union Representatives and full time equivalents**

	Non-teaching	Teaching
Trade Union representatives	53	74
FTE trade union representatives	5320	1869

**Percentage of working hours on facility time**

	All
0%	0
1 - 50%	114
51 - 99%	4
100%	9

**Total pay bill and facility costs**

	<b>Non-teaching</b>	<b>Teaching</b>
Total pay bill	£219,081,046	£184,497,244
Total cost of facility time	£147,787	£136,882
Percentage of pay spent on facility time	0.07%	0.07%

**Paid Trade Union activities**

	<b>Non-teaching</b>	<b>Teaching</b>
Time spent on paid trade union activities as percentage of total paid facility time hours calculated as: (total hours spend on paid trade union activities by relevant trade union officials during the relevant period / total paid facility time hours) x 100	3.00%	4.00%

Angela Scott  
Chief Executive

Councillor Christian Allard  
Co-Leader of the Council

Councillor Ian Yuill  
Co-Leader of the Council

## PRIMARY FINANCIAL STATEMENTS

### Movement in Reserves Statement

This statement shows the movement on the different reserves held by the Council analysed into usable reserves (those that can be applied to fund expenditure or reduce local taxation) and other reserves.

	General Fund Balance £'000	Housing Revenue Account £'000	Statutory and Other Reserves £'000	Capital Grants & Receipts Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2022 brought forward</b>	<b>(79,175)</b>	<b>(15,215)</b>	<b>(20,047)</b>	<b>(19,607)</b>	<b>(134,044)</b>	<b>(1,327,022)</b>	<b>(1,461,066)</b>
<b>Restated Movement in Reserves during 2022/23</b>							
Total Comprehensive Income & Expenditure	138,262	(18,860)	0	0	119,402	(159,218)	(39,816)
Adjustments between accounting basis & funding basis under regulations (note 5)	(108,502)	(48,689)	(2,582)	(4,660)	(164,433)	164,433	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>29,760</b>	<b>(67,549)</b>	<b>(2,582)</b>	<b>(4,660)</b>	<b>(45,031)</b>	<b>5,215</b>	<b>(39,816)</b>
Transfers to/(from) Reserves	(36,513)	67,049	(7,006)	0	23,530	(23,530)	0
<b>(Increase)/Decrease in Year</b>	<b>(6,753)</b>	<b>(500)</b>	<b>(9,588)</b>	<b>(4,660)</b>	<b>(21,501)</b>	<b>(18,315)</b>	<b>(39,816)</b>
<b>Restated Balance at 31 March 2023</b>	<b>(85,928)</b>	<b>(15,715)</b>	<b>(29,635)</b>	<b>(24,267)</b>	<b>(155,545)</b>	<b>(1,345,337)</b>	<b>(1,500,882)</b>

The accompanying notes form an integral part of these financial statements.

	General Fund Balance £'000	Housing Revenue Account £'000	Statutory and Other Reserves £'000	Capital Grants & Receipts Unapplied Account £'000	<b>Total Usable Reserves £'000</b>	Total Unusable Reserves £'000	<b>Total Council Reserves £'000</b>
<b>Restated Balance at 31 March 2023 brought forward</b>	<b>(85,928)</b>	<b>(15,715)</b>	<b>(29,635)</b>	<b>(24,267)</b>	<b>(155,545)</b>	<b>(1,345,337)</b>	<b>(1,500,882)</b>
<b>Movement in Reserves during 2023/24</b>							
Total Comprehensive Income & Expenditure	36,970	43,258	0	0	<b>80,228</b>	(67,596)	<b>12,632</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	(27,426)	(41,733)	(1,989)	13,760	<b>(57,388)</b>	57,388	<b>0</b>
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>9,544</b>	<b>1,525</b>	<b>(1,989)</b>	<b>13,760</b>	<b>22,840</b>	<b>(10,208)</b>	<b>12,632</b>
Transfers to/(from) Reserves	(14,895)	0	(7,893)	0	<b>(22,788)</b>	22,788	<b>0</b>
<b>(Increase)/Decrease in Year</b>	<b>(5,351)</b>	<b>1,525</b>	<b>(9,882)</b>	<b>13,760</b>	<b>52</b>	<b>12,580</b>	<b>12,632</b>
<b>Balance at 31 March 2024</b>	<b>(91,279)</b>	<b>(14,190)</b>	<b>(39,517)</b>	<b>(10,507)</b>	<b>(155,493)</b>	<b>(1,332,757)</b>	<b>(1,488,250)</b>

The accompanying notes form an integral part of these financial statements .

**Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with IFRS.

2022/23				2023/24		
Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
305,641	(38,547)	267,094	Children & Family Services	325,282	(35,035)	290,247
217,178	(77,028)	140,150	Resources	290,884	(182,334)	108,550
99,946	(62,690)	37,256	Customer	113,777	(57,943)	55,834
58,935	(15,876)	43,059	Commissioning	52,598	(16,980)	35,618
104	0	104	Operations	0	0	0
307,296	(184,776)	122,520	Integration Joint Board	311,986	(190,762)	121,224
25,969	(9,258)	16,711	Corporate	47,003	(230,425)	(183,422)
176,371	(107,715)	68,656	Housing Revenue Account	152,014	(105,293)	46,721
<b>1,191,440</b>	<b>(495,890)</b>	<b>695,550</b>	<b>Cost of Services</b>	<b>1,293,544</b>	<b>(818,772)</b>	<b>474,772</b>
810	0	810	Other Operating Expenditure (note 8)	364	(1,275)	(911)
52,229	(18,806)	33,423	* Financing and Investment Income and Expenditure (note 9)	51,647	(4,245)	47,401
0	(610,381)	(610,381)	Taxation and Non Specific Grant Income (note 10)	0	(441,034)	(441,034)
<b>1,244,479</b>	<b>(1,125,077)</b>	<b>119,402</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,345,555</b>	<b>(1,265,326)</b>	<b>80,228</b>
		(27,549)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(109,988)
		(130,936)	Actuarial (gains)/losses on pension assets/liabilities			42,392
		(733)	Other (Gains)/Losses			0
		<b>(159,218)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(67,596)</b>
		<b>(39,816)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>12,632</b>

\*2022/23 figures restated (see note 40)

The accompanying notes form an integral part of these financial statements.

**Balance Sheet**

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council

<b>1 April 2022 £'000</b>	<b>Restated 31 March 2023 £'000</b>		<b>Note</b>	<b>31 March 2024 £'000</b>
2,560,355	2,610,218	Property, Plant & Equipment	28	2,802,958
196,272	199,723	Heritage Assets	27	200,273
150,617	169,883	Investment Property	26	144,570
15,503	28,219	Long Term Investments	38	32,453
657	498	Long Term Debtors	38	457
<b>2,923,404</b>	<b>3,008,541</b>	<b>Long Term Assets</b>		<b>3,180,711</b>
102,593	76,078	Cash and Cash Equivalents	17	57,817
20,025	11,588	Short Term Investments	38	10,035
113,029	146,275	Short Term Debtors	33	188,993
2,906	4,312	Inventories	32	4,945
11,993	3,150	Assets Held for Sale	31	3,150
<b>250,546</b>	<b>241,403</b>	<b>Current Assets</b>		<b>264,940</b>
(223,359)	(306,405)	Short Term Borrowing	38	(409,806)
(122,607)	(156,365)	Short Term Creditors	34	(147,086)
(3,533)	(5,354)	Short Term Provisions	35	(7,284)
(4,527)	(5,332)	PPP Short Term Liabilities	30	(4,308)
(7,224)	(7,948)	Accumulated Absences Account	13	(8,876)
(1,438)	(4,235)	Grants Receipts in Advance - Revenue	37	(4,944)
(5,440)	(493)	Grants Receipts in Advance - Capital	37	(489)
<b>(368,128)</b>	<b>(486,132)</b>	<b>Current Liabilities</b>		<b>(582,793)</b>

The accompanying notes form an integral part of these financial statements.

<b>1 April 2022 £'000</b>	<b>Restated 31 March 2023 £'000</b>		<b>Note</b>	<b>31 March 2024 £'000</b>
(1,043,105)	(1,064,341)	Long Term Borrowing	38	(1,146,348)
(56,643)	(56,445)	Finance Lease	25	(56,011)
(551)	(1,986)	Long Term Provisions	35	(50)
(126,038)	(120,706)	PPP Long Term Liabilities	30	(116,398)
(118,419)	(19,452)	Pension Liabilities	22	(55,801)
<b>(1,344,756)</b>	<b>(1,262,930)</b>	<b>Long Term Liabilities</b>		<b>(1,374,608)</b>
<b>1,461,066</b>	<b>1,500,882</b>	<b>Net Assets</b>		<b>1,488,250</b>
		Usable Reserves:		
(79,175)	(85,928)	General Fund Balance		(91,279)
(15,215)	(15,715)	Housing Revenue Account		(14,190)
(20,047)	(29,635)	Statutory and Other Reserves		(39,517)
(19,607)	(24,267)	Capital Grants Unapplied Account		(10,507)
(1,327,022)	(1,345,337)	Unusable Reserves	13	(1,332,757)
<b>(1,461,066)</b>	<b>(1,500,882)</b>	<b>Total Reserves</b>		<b>(1,488,250)</b>

The unaudited financial statements were issued on 9 May 2024.

Jonathan Belford, CPFA  
Chief Officer – Finance



**Cash Flow Statement**

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(119,402)	Net Surplus or (Deficit) on the provision of services	(80,228)
238,821	Adjust net surplus or deficit on the provision of services for non cash movements (note 14)	115,123
(68,110)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(63,315)
51,309	Net cash flows from Operating Activities (note 14)	(28,420)
(161,275)	Net cash flows from Investing Activities (note 15)	(154,069)
83,451	Net cash flows from Financing Activities (note 16)	164,228
(26,515)	Net increase or (decrease) in cash and cash equivalents	(18,261)
102,593	Cash and cash equivalents at the beginning of the reporting period	76,078
<b>76,078</b>	<b>Cash and cash equivalents at the end of the reporting period (note 17)</b>	<b>57,817</b>

The accompanying notes form an integral part of these financial statements.

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**Notes to the Accounts****1. Accounting Policies****i Basis of Preparation**

The Chief Officer – Finance is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the 12-month period from the time the financial statements are authorised for issue, noting that it can only be discontinued under statutory prescription. The Council has significant net assets, investments and cash and a track record of preparing a balanced budget which incorporates significant savings that are subsequently achieved. By continued assessment and governance the Council has put robust measures in place to ensure strong financial management of its activities which demonstrates our ability to continue as a going concern. Work is undertaken annually to assess the impact of changes in the external environment and undertake mitigating actions to return to a balanced budget. The Chief Officer – Finance has determined that it remains appropriate to prepare the financial statements on a going concern basis.

**ii General Principles & Materiality**

The Annual Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year ended 31 March 2024. The Council is required to prepare Annual Accounts under the Local Authority Accounts (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

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

The Council will disclose all material accounting policy information. Information is considered to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. Information may be material because of its nature, even if the related amounts are immaterial. Any immaterial policy information that is disclosed will not obscure material accounting policy information.

**iii Accruals of Income and Expenditure**

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

- Revenue from the sale of goods and services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

#### **iv Carbon Reduction Commitment Allowances**

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The CRC is a mandatory cap and trade emissions trading scheme for organisations whose electricity consumption is greater than 6000MWh or approximately £500k. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

#### **v Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand as they form an integral part of the Council's cash management.

#### **vi Charges to Revenue for Non Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision

from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, or loans fund principal charges). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by loans fund principal charges in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **vii Employee Benefits**

### Benefits Payable during Employment

Short term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year, being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the corporate line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### Post Employment Benefits

Employees of the Council can be members of two separate pension schemes:

- the Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency on behalf of the Scottish Government; and
- the Local Government Pension Scheme (referred to as NESPF), administered by Aberdeen City Council.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Operations line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable to Teachers' Pensions in the year.

### *The Local Government Pension Scheme*

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

- The liabilities of the North East Scotland Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.2%.
- The assets of the North East Scotland Pension Fund attributable to the Council are included in the Balance Sheet at their fair value: quoted securities – current bid price; unquoted securities – professional estimate; unitised securities – current bid price; and property – market value.
- The change in the net pensions liability is analysed into the following components:

#### Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate; and
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

#### Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure Statement.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- contributions paid to the North East Scotland Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

#### *Discretionary Benefits*

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

#### **viii Events After the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are approved. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

#### **ix Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument, initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). The interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The Council has provided several financial guarantees which are reflected as a contingent liability and disclosed as a note to the annual accounts. A suitable value is earmarked

from the General Fund Balance to provide financial backing in the event of there being a call on these guarantees.

#### **x Financial Assets**

Financial assets are classified into two types according to the business model to which they relate. The business model determines how the asset will be treated in the financial statements: -

1. Financial assets measured at amortised cost. These are assets held for the purpose of collecting contractual cash flows. This category includes short term investments and long-term loans granted. An impairment allowance may be calculated based on materiality and circumstance of asset.
2. Financial assets measured at fair value through profit and loss. This includes any financial assets held for purposes other than collecting contractual cash flows and selling the asset. Shares in group entities fall into this classification.

##### Financial assets measured at amortised cost.

Loans are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest – except for the Council's Small Business Loan Scheme) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. Where an impairment allowance is made this will be charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

##### Financial assets measured at fair value through profit and loss.

Available for sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value will be charged to the General Fund using the method outlined above.

#### **xi Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## xii Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

## xiii Heritage Assets

The Council's Heritage Assets are held primarily in the City's Art Gallery and Museums. There are eight collections of heritage assets which are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the local area and its history. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows:

### Fine Art & Applied Art Collection

The Art collection includes paintings (both oil and watercolour), installations and sculptures, decorative and applied art including silver, ceramics and glass etc and is reported in the Balance Sheet at valuation. There is no periodic programme of valuations although items in the collection are prompted for revaluation when they are loaned to exhibitions or if a similar item is sold at auction. The Council's Art Gallery and Museums' curators value the items and base this on commercial valuation. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation as provided by the Curators with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

- **Civic Insignia**

The collection of Civic Insignia includes items utilised by the Lord and Lady Provost in their official capacity. These items are reported in the Balance Sheet at insurance valuation



which is based on valuation. These insurance valuations are updated on an ad hoc basis. The collection is relatively static, and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the Art Gallery and Museum's curators in accordance with the Council's policy on valuations of Civic Insignia. Subsequent measurement is based on insurance valuation performed in line with the Council's Policy.

- **Archaeology**

The Council does not consider that reliable cost or valuation information can be obtained for the items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet. The Council's acquisitions are well focused with the aim of reflecting the extraordinarily rich archaeological heritage of Aberdeen and the North East of Scotland. Future collecting will largely be due to continued excavation in Aberdeen City. The Council does not (normally) make any purchases of archaeological items.

- **Library and Information Services**

The collection of reference items which could be deemed to be held and maintained principally for their contribution to knowledge and culture include historical book collections, directories and local newspaper archives. The collection is not recognised on the Balance Sheet as cost information is not readily available and the Council believes that the benefits of obtaining the valuation for these items would not justify the cost. Nearly all the items in the collection are believed to have a value of less than £500 and as far as the Council is aware no individual item is worth more than £2,000.

- **Other Heritage Assets**

Collections other than those stated above are reported in the Balance Sheet at valuation where possible as determined by the curator. This includes city monuments, maritime & social history, numismatics, and science technology & industry. Acquisitions are rare and most additions are due to donations which are accepted provided suitable storage is available. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the museum's curators in accordance with the Council's policy on valuations of heritage assets.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xx in this summary of significant accounting policies. Disposal of heritage assets is carried out occasionally following the procedures outlined in the Acquisition and Disposal Policy, approved by the Education Culture and Sport committee on 16 October 2010. The Policy also sets out that disposals of assets in the collections are the responsibility of the governing body of the museum acting on the advice of professional curatorial staff and will only be disposed of after considering the public interest and implication for the museum's collections. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the annual accounts and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see notes xx in this summary of significant accounting policies).

#### **xiv Interests in Companies and Other Entities**

The Council has material interests in companies and other entities. In line with the level of Control that the Council exerts over these entities, they can be classified as Subsidiaries, Associates and Joint Ventures. The Council is required to prepare Group Accounts incorporating all of these entities. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at net worth.

#### **xv Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value except for the inventories held by Building Services and Roads Services which are valued at latest price and average price respectively. The difference between these valuations and the lower of cost or net realisable value is not material.

Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

#### **xvi Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### **xvii Jointly Controlled Operations**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

#### **xviii Leases**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the

arrangement is dependent on the use of specific assets.

### The Council as Lessee

#### *Finance Leases*

Property, Plant and Equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment.

### The Council as Lessor

#### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

### **xix Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening

balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

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

## **xx Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. For the purposes of component accounting, in line with the methodology of Social Housing, additions to Council Dwellings will be discounted at an appropriate rate. The discount factor is determined by comparing the Investment Value to the aggregate value. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located where there is a legal obligation.

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

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

- infrastructure and vehicles, plant and equipment – depreciated historical cost.
- community assets – historical cost or nominal value.
- council dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- specialised properties – depreciated replacement cost (DRC).

- non-financial assets e.g. surplus assets and investment properties – fair value\*; and at cost, where appropriate
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

*\*Fair Value*

*Valuation Technique – All assets have been valued based on Level 2 of the Fair Value Hierarchy\*\*. This uses significant observable inputs.*

*There has been no change in the valuation techniques used during the year for either Investment Properties or Surplus Assets, except for the valuation of a new investment property, The Events Complex Aberdeen, as valuation at fair value is uncertain at this time, this investment property has been measured at cost.*

*\*\*Significant Observable Inputs – Level 2*

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains, however prior to crediting the Revaluation Reserve, reversal is first made to account for any previous revaluation losses that have been charged to the CIES.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

A high-level review of those assets, which are not subject to revaluation during the year, has taken place, and any material differences have been amended accordingly.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### Disposals and Assets Held for Sale

When an asset is no longer held for the purposes of generating cash flows it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised in the Comprehensive Income and Expenditure Statement only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

#### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

#### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is not applied to an asset in the year of acquisition, revaluation nor to expenditure on assets under construction. Assets that are disposed of are fully depreciated in the year of disposal.

Depreciation is calculated on the following bases:

- council dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer; and
- infrastructure and vehicles, plant and equipment – straight-line allocation over the useful life as estimated by management.

Where an item of Property, Plant and Equipment has major components (over £2.5 million) whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

#### Infrastructure Assets

The Code requires that where a component of an infrastructure asset is replaced, the carrying amount (i.e. net book value) of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset. Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, in large part due to data limitations, the Scottish Government is aware that most local authorities have been unable to comply with the requirement to assess the net book value of the replaced component and will therefore have taken a network approach to the measurement of infrastructure assets and will have treated the amount of the replaced component as zero. This is because the replaced component is considered to have been fully used up at the point that it is replaced.

The Scottish Government recognises that this is a challenging, time-sensitive issue and has therefore agreed to provide a temporary statutory override whilst a permanent solution is developed within the Code.

- Statutory Override 1: This statutory override permits that, for accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets. Therefore, for 2023/24 the Council has shown only the Net Book Value of its Infrastructure Assets in Note 28. Property, Plant and Equipment.
- Statutory Override 2: This statutory override requires that, for the periods from 1 April 2010 to 31 March 2024, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part. This is required on the basis that parts of infrastructure assets are rarely replaced before the part has been fully consumed and should therefore, in most cases, be fully depreciated at the date of replacement.

The Council has chosen to adopt both overrides for 2023/24.

#### **xxi Public Private Partnerships (PPP) and Similar Contracts**

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

PPP non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator (the profile of write downs is calculated using the same principles as for a finance lease); and
- lifecycle replacement costs – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

## **xxii Provisions, Contingent Liabilities and Contingent Assets**

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be exposed to liabilities from court cases that could eventually result in the making of a settlement or the payment of compensation, e.g. equal pay claims, or consider that over time the collection of income will become more difficult and thereby fail to secure the full value of the debt, or may have made a decision in relation to changes in service delivery from which costs arise, e.g. redundancy costs.

Estimation techniques are based on previous experience, prevailing economic conditions, aged analysis, expert and specialist advice and current data held by the Council.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.



### Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **xxiii Reserves**

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits that do not represent usable resources for the Council – these reserves are explained in the relevant policies.

### **xxiv Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

The Council has in the past taken advantage of 'Consent to Borrow' given by Scottish Ministers under Para 1(2) of Schedule 3 of the Local Government (Scotland) Act 1975 to cover equal pay and statutory redundancy costs up to strictly defined limits. The repayment period is 10 years.

### **xxv VAT**

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

## 2. Accounting Standards that have been issued but not yet adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by The Code:

- **IFRS 16 Leases** Implementation of IFRS 16 Leases will be mandatorily implemented in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2024/25. Therefore, with effect from 2024/25 the Council will adopt this new accounting standard for Leases. This standard replaces IAS 17 Leases and removes the operating classification for leases where the Council acts as lessee, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts.

This means that, for lease arrangements previously accounted for as operating leases, a right-of-use (ROU) asset and a lease liability will be brought onto the balance sheet as at 1 April 2024. Exemptions are applicable for low value and short-term leases.

The Council, as a lessee, had formerly classified leases into either operating or finance leases, depending on whether it met the criteria for transferring the majority of the risks and rewards relating to ownership. Under IFRS 16 the Council will recognise ROU assets and lease liabilities on the balance sheet for most leases.

It has been identified that short term leases – those that have a lease term of 12 months or less, and leases of low value assets (under £6,000) will not be recognised in accordance with exemption guidelines.

IFRS 16 will be applied retrospectively, but with a cumulative effect being recognised as at 1 April 2024. Therefore, the ROU asset and lease liabilities will be calculated as if IFRS 16 had previously been applied but will only be recognised in 2024/25 with no prior year adjustments required.

It is anticipated that the adoption of the Code's adaptation of IFRS 16 will result in the following additions to the balance sheet:-

- £5m Property, Plant and Equipment - land and buildings (right-of-use assets)
- £5m Lease Liabilities

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
 This amendment is not expected to have a significant impact on the financial statements.
- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions. This amendment is not expected to have a significant impact on the financial statements.
- **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. This amendment is not expected to have a significant impact on the financial statements.
- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities

These amendments to IAS 12 are not likely to significantly affect local authority transactions.

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The above amendment is not expected to have a material impact on the financial statements.

### **3. Critical Judgements in applying Accounting Policies**

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision; and
- The Council is deemed to control the services provided under the Public Private Partnership arrangements that it has for the 3R's (Reorganise, Renovate, Rebuild) schools project and Lochside Academy, and also to control the residual value of the schools at the end of the agreement. The accounting policies for PPP schemes and similar contracts have been applied to the arrangement and the schools (net value £192 million) are recognised as Property, Plant and Equipment on the Council's Balance Sheet

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

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

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment : Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council were to reduce its spending on repairs and maintenance, it could bring into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. For example, it is estimated that for a building worth £30 million with a useful life of 35 years, the annual depreciation charge would increase by £25,210 if the useful life had to be reduced by one year.
Council Dwellings – Housing Stock	Council dwellings are valued combining the Beacon Method which aggregates the vacant possession values of each unit of housing stock and the investment approach where the gross rental income is capitalised adopting an appropriate investment yield. The beacon discount factor is determined by comparing the Investment Value to the aggregate value. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. The investment yield applied is 7.5%.	If the investment yield is increased by 0.25%, this would lead to a corresponding decrease in the total value of council dwellings of £26.9m. If the investment yield is reduced by 0.25%, this would lead to a corresponding increase in the total value of council dwellings of £28.8m.
Aberdeen City Council Bond	The Council undertook a bond issuance from the Debt Capital Markets in November 2016. £370 million of index-linked bonds were issued to investors. The outstanding bonds are subject to indexation, which is based on movements in the Retail Price Index (RPI).	The amount of principal and interest to be paid is therefore dependent on changes in RPI. For example, a 1% increase in the rate of RPI compared to the prevailing rate would result in an annual increase of £4 million in amounts repayable.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £92.2 million. However, if another assumption were increased, e.g. pay inflation, by 0.25% then this would result in an increase in the pension liability of £48.7 million. The interaction of assumptions is therefore extremely complex. See note 22 for further assumptions.
Arrears	At 31 March 2024 the Council had a balance of short-term debtors of £99 million. This is net of an allowance for the impairment of debt of £91 million.	If collection rates were to deteriorate, an increase of 1% on impairment would require a further provision of £0.99 million.

## 5. Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure (68) recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2022/23	Usable Reserves					Total Usable Reserves	Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Statutory & Other Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000		
<b>Adjustments involving the Capital Adjustment Account (CAA):</b>							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Charges for depreciation and impairment of non current assets	(55,721)	(35,213)	0	0	0	(90,934)	90,934
Revaluation losses on Property, Plant and Equipment	(63,234)	(54,054)	0	0	0	(117,288)	117,288
Capital grants and contributions applied	48,108	34,462	0	0	0	82,570	(82,570)
Write off carrying amount of non current assets sold	(2,317)	0	0	0	0	(2,317)	2,317
Write off carrying amount of non current assets scrapped	745	0	0	0	0	745	(745)
Statutory provision for the financing of Capital spend (3R's)	4,827	0	0	0	0	4,827	(4,827)
Movement in the fair value of Investment Properties	3,409	0	0	0	0	3,409	(3,409)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Loan principal repayments during the year	0	2,104	0	0	0	2,104	(2,104)
Capital expenditure charged against the General Fund and HRA balances and other statutory funds	3,638	5,596	0	0	0	9,234	(9,234)
						0	0
<b>Adjustments involving the Capital Receipts Reserve:</b>							
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(1,769)	1,506	0	(263)	263
Proceeds from sale of non current assets	2,228	44	0	(2,272)	0	0	0
Contribution from Capital Receipts Reserve towards the administrative costs of non current asset	(130)	(636)	0	766	0	0	0
<b>Adjustments involving the Capital Grants Unapplied Account:</b>							
Capital grants and contributions unapplied credited to CIES	(18,794)	0	(813)	0	(4,660)	(24,267)	24,267
Application of grants/transformation costs to capital financing	0	0	0	0	0	0	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>							
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	435	0	0	0	0	435	(435)
<b>Adjustments involving the Pensions Reserve:</b>							
Reversal of items relating to retirement benefits debited or credited to the CIES	(64,464)	(2,131)	0	0	0	(66,595)	66,595
Employer's pensions contributions and direct payments to pensioners payable in the year	33,493	1,133	0	0	0	34,626	(34,626)
<b>Adjustments involving the Accumulated Absences Account:</b>							
Adjustments in relation to short term compensated absences	(727)	4	0	0	0	(723)	723
	2	2	0	0	0	4	
<b>Total Adjustments</b>	<b>(108,502)</b>	<b>(48,689)</b>	<b>(2,582)</b>	<b>0</b>	<b>(4,660)</b>	<b>(164,437)</b>	<b>164,437</b>

2023/24	Usable Reserves					Total Usable Reserves	Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Statutory & Other Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000		
<b>Adjustments involving the Capital Adjustment Account (CAA):</b>							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Charges for depreciation and impairment of non current assets	(56,243)	(40,388)	0	0	0	(96,631)	96,631
Revaluation losses on Property, Plant and Equipment	(57,277)	(20,678)	0	0	0	(77,955)	77,955
Capital grants and contributions applied	61,996	17,179	0	0	0	79,175	(79,175)
Write off carrying amount of non current assets sold	(770)	0	0	0	0	(770)	770
Write off carrying amount of non current assets scrapped	1,100	0	0	0	0	1,100	(1,100)
Statutory provision for the financing of Capital spend (3R's)	5,728	0	0	0	0	5,728	(5,728)
Movement in the fair value of Investment Properties							0
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Loan principal repayments during the year	9,796	2,449	0	0	0	12,245	(12,245)
Capital expenditure charged against the General Fund and HRA balances and other statutory funds	1,113	0	0	0		1,113	(1,113)
<b>Adjustments involving the Capital Receipts Reserve:</b>							
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(1,989)	1,681	0	(308)	308
Proceeds from sale of non current assets	2,180	129	0	(2,309)	0	0	0
Contribution from Capital Receipts Reserve towards the administrative costs of non current asset	(134)	(494)	0	628	0	0	0
<b>Adjustments involving the Capital Grants Unapplied Account:</b>							
Capital grants and contributions unapplied credited to CIES	0	0	0	0	13,760	13,760	(13,760)
Application of grants/transformation costs to capital financing	0	0	0	0	0	0	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>							
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	40	0	0	0	0	40	(40)
<b>Adjustments involving the Pensions Reserve:</b>							
Reversal of items relating to retirement benefits debited or credited to the CIES	(31,558)	(1,210)	0	0	0	(32,768)	32,768
Employer's pensions contributions and direct payments to pensioners payable in the year	37,508	1,303	0	0	0	38,811	(38,811)
<b>Adjustments involving the Accumulated Absences Account:</b>							
Adjustments in relation to short term compensated absences	(904)	(24)	0	0	0	(928)	928
Other Adjustments	(1)	1	0	0	0	0	0
<b>Total Adjustments</b>	<b>(27,426)</b>	<b>(41,733)</b>	<b>(1,989)</b>	<b>0</b>	<b>13,760</b>	<b>(57,388)</b>	<b>57,388</b>

## 6. Movement in Reserves Statement – Transfers to/from Earmarked Reserves and Other Statutory Funds

**Earmarked Reserves:** This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances as earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet future General Fund and HRA expenditure.

General Fund Earmarked Reserves	Balance as at 31 March 2022 £'000	Transfers In 2022/23 £'000	Transfers Out 2022/23 £'000	Balance as at 31 March 2023 £'000	Purpose
Devolved Education M'ment (Comm Centres)	(542)	0	20	(522)	community centre funds c/f
Devolved Education M'ment (School Funds)	(680)	(274)	680	(274)	school funds c/f
Energy Efficiency Fund	(1,277)	(174)	176	(1,275)	funding for energy saving schemes
Bus Lane Enforcement	(503)	0	209	(294)	funding towards transport strategy
Second/Long Term Empty Homes	(13,111)	(1,751)	4,129	(10,733)	funding for affordable housing
De-risk the Council	(5,614)	0	0	(5,614)	funding to support Council guarantees
Transformation Fund	(4,433)	0	546	(3,887)	funding for Council transformation
Service Specific Funding	(4,906)	(3,764)	1,257	(7,413)	funding for service initiatives
ADM - Education	(742)	(514)	319	(937)	funding for education costs
Budget Use of Reserves	(7,309)	0	7,309	0	reserves to be used towards budget
Refugee Funding	(1,552)	(16,745)	251	(18,046)	funding for refugees
Covid Grants	(19,423)	(151)	12,905	(6,669)	covid funding carried forward
Unknown General Fund Surplus	(60)	0	60	0	unidentified surplus now resolved
Scottish Govt Funding Carried forward	(7,023)	(25)	0	(7,048)	Scottish Govt funding for DeTrunking
Joint Venture revaluation surplus	0	(11,216)	0	(11,216)	22/23 Inc in value of Long Term Investment
<b>Total General Fund Earmarked Reserves</b>	<b>(67,175)</b>	<b>(34,614)</b>	<b>27,861</b>	<b>(73,928)</b>	
<b>Uncommitted General Fund Balance</b>	<b>(12,000)</b>			<b>(12,000)</b>	
<b>Total General Fund Balance</b>	<b>(79,175)</b>	<b>(34,614)</b>	<b>27,861</b>	<b>(85,928)</b>	

The 2022/23 Earmarked Reserves have been restated to combine similar strands of reserves.

General Fund Earmarked Reserves	Balance at 31 March 2023	Transfers In 2023/24	Transfers Out 2023/24	Balance at 31 March 2024	Purpose
	£'000	£'000	£'000	£'000	
Devolved Education M'ment (Comm Centres)	(522)	0	0	(522)	community centre funds c/f
Devolved Education M'ment (School Funds)	(274)	0	648	374	school funds c/f
Energy Efficiency Fund	(1,275)	(61)	52	(1,284)	funding for energy saving schemes
Bus Lane Enforcement	(294)	(4,448)	544	(4,198)	funding towards transport strategy
Service Concessions Reserve		(39,886)	34,629	(5,257)	funds set aside per SG Guidelines
Service Specific Funding	(7,411)	(1,592)	1,757	(7,246)	funding for service initiatives
Second/Long Term Empty Homes	(10,733)	(1,981)	5,101	(7,613)	funding for affordable housing
De-risk the Council	(5,614)	0	4,347	(1,267)	funding to support Council guarantees
Transformation Fund	(3,887)	0	688	(3,199)	funding for Council transformation
ADM - Education	(937)	0	571	(366)	funding for education costs
Budgeted Use of Reserves	0	(3,241)	0	(3,241)	reserves to be used towards budget
Refugee Funding	(18,046)	(166)	3,298	(14,914)	funding/income for refugee costs
Resilience, inc Covid Funding	(6,671)	(2,141)	18	(8,794)	Funds set aside for Financial Recovery
Scottish Govt Funding Carried forward	(7,048)	0	899	(6,149)	Funding for Capital projects
Joint Venture revaluation surplus	(11,216)	(4,234)	0	(15,450)	22/23 Inc in value of Long Term Investment
<b>Total General Fund Earmarked Reserves</b>	<b>(73,928)</b>	<b>(57,750)</b>	<b>52,552</b>	<b>(79,126)</b>	
<b>Uncommitted General Fund Balance</b>	<b>(12,000)</b>	<b>(153)</b>	<b>0</b>	<b>(12,153)</b>	
<b>Total General Fund Balance</b>	<b>(85,928)</b>	<b>(57,903)</b>	<b>52,552</b>	<b>(91,279)</b>	



	Balance at 31 March 2022 £'000	Transfers In 2022/23 £'000	Transfers Out 2022/23 £'000	Balance at 31 March 2023 £'000	Transfers In 2023/24 £'000	Transfers Out 2023/24 £'000	Balance at 31 March 2024 £'000	Purpose of the Earmarked Reserve
<b>Housing Revenue Account (HRA)</b>								
Housing Repairs	(2,481)	(2,278)	2,481	(2,278)	(2,299)	2,278	(2,299)	Repairs ordered prior to the year end
Housing Sales - Not right to buy	(308)	0	0	(308)	0	0	(308)	One-off vacant properties sold on open market.
Support for Budget 24/25	0	0	0	0	(3,161)	0	(3,161)	Support for Budget 24/25
<b>Total HRA Earmarked Reserves</b>	<b>(2,789)</b>	<b>(2,278)</b>	<b>2,481</b>	<b>(2,586)</b>	<b>(5,460)</b>	<b>2,278</b>	<b>(5,768)</b>	
<b>Uncommitted HRA Balance</b>	<b>(12,426)</b>	<b>(703)</b>		<b>(13,129)</b>	<b>0</b>	<b>4,708</b>	<b>(8,421)</b>	
<b>Total HRA Balance</b>	<b>(15,215)</b>			<b>(15,715)</b>			<b>(14,190)</b>	

	Balance at 31 March 2022 £'000	Transfers In 2022/23 £'000	Transfers Out 2022/23 £'000	Balance at 31 March 2023 £'000	Transfers In 2023/24 £'000	Transfers Out 2023/24 £'000	Balance at 31 March 2024 £'000
<b>Total Earmarked Reserves</b>							
General Fund	(67,175)	(34,614)	27,861	(73,928)	(57,750)	52,552	(79,126)
HRA	(2,789)	(2,278)	2,481	(2,586)	(5,460)	2,278	(5,768)
<b>Total Earmarked Reserves</b>	<b>(69,964)</b>	<b>(36,892)</b>	<b>30,342</b>	<b>(76,514)</b>	<b>(63,210)</b>	<b>54,830</b>	<b>(84,894)</b>

Other Statutory Funds: The Council holds a number of other statutory funds. This note sets out the amounts held, and a summary of transactions undertaken.

Name of Fund	Balance at 1 April 2022 £'000	Transfers In 2022/23 £'000	Transfers Out 2022/23 £'000	Balance at 31 March 2023 £'000	Transfers In 2023/24 £'000	Transfers Out 2023/24 £'000	Balance at 31 March 2024 £'000	Purpose of the Earmarked Reserve
Capital	(17,615)	(9,784)	130	(27,269)	(9,320)	135	(36,454)	To meet the capital expenditure and the repayment of the principal on loans
Insurance	(2,099)	(451)	519	(2,031)	(1,119)	423	(2,727)	To meet the cost of uninsured claims
City Improvement	(328)	(11)	4	(335)	(18)	17	(336)	To meet the cost of carrying out improvements to the city as decided by the Council
Lord Byron	(5)	0	5	0	0	0	0	To meet the costs of maintaining Lord Byron's statue
<b>Total Statutory and Other Funds</b>	<b>(20,047)</b>	<b>(10,246)</b>	<b>658</b>	<b>(29,635)</b>	<b>(10,457)</b>	<b>575</b>	<b>(39,517)</b>	

## 7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the expenditure is allocated for decision making purposes between the Council's directorates. The reportable segments have been identified to align with service structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement

2022/23			2023/24			
Restated Net Expenditure chargeable to General Fund & HRA balances £'000	Adjustments between funding & Accounting basis	Restated Net Expenditure in the CIES £'000	Services	Restated Net Expenditure chargeable to General Fund & HRA balances £'000	Adjustments between funding & Accounting basis	Restated Net Expenditure in the CIES £'000
228,094	39,000	267,094	Children & Family Services	254,467	35,780	290,247
81,567	58,583	140,150	Resources	60,749	47,801	108,550
30,623	6,633	37,256	Customer	49,492	6,342	55,834
25,731	17,328	43,059	Commissioning	22,831	12,787	35,618
94	10	104	Operations	0	0	0
116,219	6,301	122,520	Integration Joint Board	119,494	1,730	121,224
15,825	886	16,711	Corporate	(175,912)	(7,510)	(183,422)
(13,835)	82,493	68,658	Housing Revenue Account	(12,300)	59,021	46,721
<b>484,318</b>	<b>211,234</b>	<b>695,552</b>	<b>Net Cost of Services</b>	<b>318,821</b>	<b>155,951</b>	<b>474,772</b>
(499,400)	(76,747)	(576,147)	Other Income and Expenditure *	(308,853)	(85,691)	(394,544)
(15,082)	134,487	119,405	<b>(Surplus) or Deficit on Provision of Services</b>	9,968	70,260	80,228
(94,390)			Opening General Fund and HRA Balance at 1 April 2023	(101,643)		
(15,082)			(Surplus)/deficit on General Fund and HRA Balance in Year	9,968		
7,829			To/From Other Statutory Reserves	(13,794)		
(101,643)			<b>Closing General Fund and HRA Balance at 31 March 2024</b>	<b>(105,469)</b>		

\*2022/23 figures restated (see note 40)

**Note 7. Expenditure & Funding Analysis - Adjustments between Funding and Accounting Basis 2022/23**

	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Adjustments</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children & Family Services	29,141	8,839	1,020	39,000
Resources	54,673	7,185	(3,275)	58,583
Customer	2,941	3,762	(70)	6,633
Commissioning	15,536	2,296	(504)	17,328
Operations	0	12	(2)	10
Integration Joint Board	3,415	2,962	(76)	6,301
Corporate	12	875	(1)	886
Housing Revenue Account	89,268	929	(7,704)	82,493
<b>Net Cost of Services</b>	<b>194,986</b>	<b>26,860</b>	<b>(10,612)</b>	<b>211,234</b>
Other Income and Expenditure from the Funding Analysis	(81,421)	5,109	(435)	(76,747)
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit (Note 5)</b>	<b>113,565</b>	<b>31,969</b>	<b>(11,047)</b>	<b>134,487</b>

**Expenditure & Funding Analysis - Adjustments between Funding and Accounting Basis 2023/24**

	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Adjustments</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children & Family Services	31,773	3,486	521	35,780
Resources	45,185	3,655	(1,039)	47,801
Customer	4,672	1,565	105	6,342
Commissioning	11,947	907	(67)	12,787
Operations	0	0	0	0
Integration Joint Board	427	1,209	94	1,730
Corporate	21	2,088	(9,619)	(7,510)
Housing Revenue Account	61,066	379	(2,424)	59,021
<b>Net Cost of Services</b>	<b>155,091</b>	<b>13,289</b>	<b>(12,429)</b>	<b>155,951</b>
Other Income and Expenditure from the Funding Analysis	(66,319)	(19,331)	(41)	(85,691)
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit (Note 5)</b>	<b>88,772</b>	<b>(6,042)</b>	<b>(12,470)</b>	<b>70,260</b>

**8. Comprehensive Income & Expenditure Statement - Other Operating Expenditure**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
810	Gains on the disposal on non current assets	(911)
<b>810</b>	<b>Total</b>	<b>(911)</b>

**9. Comprehensive Income & Expenditure Statement - Financing and Investment Income and Expenditure**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
60,374	Interest payable and similar charges	74,194
2,832	Pensions interest cost and expected return on pensions assets	(19,331)
(5,188)	Interest receivable and similar income	(7,462)
(8,353) *	Income and Expenditure in relation to investment properties and changes in their fair value	0
(16,242) *	(Surplus)/Deficit of trading operations not allocated back to services	0
<b>33,423</b>	<b>Total</b>	<b>47,401</b>

**10. Comprehensive Income & Expenditure Statement - Taxation and Non Specific Grant Income**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
(133,137)	Council Tax Income	(139,493)
(268,152)	Non domestic rates	(55,468)
(121,861)	Non ring-fenced government grants	(166,897)
(82,571)	Capital grants and contributions	(79,176)
(4,660)	Capital grants and receipts unapplied	0
<b>(610,381)</b>	<b>Total</b>	<b>(441,034)</b>

\* 2022-23 figures restated.

\* From 23/24 trading has been removed, as these services no longer meet the criteria to be classed as trading operations.

### 11. Comprehensive Income and Expenditure Statement – Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

In 2023/24 the Council took the option to apply additional flexibility to the accounting treatment of its service concession arrangements, as detailed in the Local Government finance circular 10/2022. The Council has two such arrangements – the 3Rs Schools, and Lochside Academy. The accounting treatment of the debt profile has been amended to spread them over the useful lives of the asset rather than the contract lives. The contract lives were 31 years and 26 years respectively. These have been recalculated using the annuity method over the 60 years useful life. A total saving of £39.886m was released to the general fund earmarked reserves from Unusable Reserves. This comprised a £35.179m pre 2023/24 saving, and £4.707m saving for 2023/24.

A transfer of £30m from earmarked reserves to the Capital Programme was approved at a Council meeting on 6 March 2024.

### 12. Balance Sheet – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

### 13. Balance Sheet – Unusable Reserves

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£'000</b>		<b>£'000</b>
(972,727)	Revaluation Reserve	(1,065,587)
(413,305)	Capital Adjustment Account	(344,704)
13,295	Financial Instruments Adjustment Account	12,857
19,452	Pensions Reserve	55,801
7,948	Accumulated Absences Account	8,876
<b>(1,345,337)</b>	<b>Total</b>	<b>(1,332,757)</b>

Revaluation Reserve

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

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

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

2022/23			20223/24	
£'000	£'000		£'000	£'000
	<b>(961,936)</b>	<b>Balance at 1 April</b>		<b>(972,727)</b>
(43,664)		Upward revaluation of assets	(155,572)	
16,115		Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	45,584	
	(27,549)	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services		(109,988)
16,013		Difference between fair value depreciation and historical cost depreciation	16,029	
0		Accumulated gains on assets sold or scrapped	0	
	16,013			16,029
	745	Amounts written off to the Capital Adjustment Account		1,099
	<b>(972,727)</b>	<b>Balance at 31 March</b>		<b>(1,065,587)</b>

Capital Adjustment Account

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

<b>2022/23</b>		<b>2023/24</b>	
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>(504,459)</b>	<b>Balance at 1 April</b>		<b>(413,305)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
90,934	Charges for depreciation and impairment on non current assets	96,631	
115,177	Revaluation losses on Property, Plant and Equipment	52,856	
2,317	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	770	
208,428		150,257	
<b>(16,758)</b>	Adjusting amounts written out of the Revaluation Reserve	<b>(17,129)</b>	
191,670	Net written out amount of the cost of non current assets consumed in the year		133,128
	Capital financing applied in the year:		
263	Use of the Capital Receipts Reserve to finance new capital expenditure	309	
<b>(82,571)</b>	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	<b>(79,176)</b>	
<b>(2,104)</b>	Loans Fund principal repayments	<b>(12,244)</b>	
<b>(9,234)</b>	Capital expenditure charged against the General Fund and HRA balances	<b>(31,112)</b>	
<b>(4,827)</b>	PPP Liability/Finance Lease repayments	<b>(5,728)</b>	
<b>(98,473)</b>			<b>(127,951)</b>
<b>(1,298)</b>	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		25,099
	Service Concession		39,426
<b>(745)</b>	Written off		<b>(1,101)</b>
<b>(413,305)</b>	<b>Balance at 31 March</b>	<b>0</b>	<b>(344,704)</b>

The Capital Adjustment Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.



Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses this account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden to be met. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March 2015 will be charged to the General Fund over the next 45 years.

2022/23		2023/24	
£'000		£'000	£'000
13,730	<b>Balance at 1 April</b>		<b>13,295</b>
	Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		
(38)	Long Term Borrowing – Stepped Loans	(40)	
(397)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(398)	
(435)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(438)
<b>13,295</b>	<b>Balance at 31 March</b>		<b>12,857</b>

Pensions Reserve

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

2022/23		2023/24	
£'000		£'000	
118,419	<b>Balance at 1 April</b>		<b>19,452</b>
(130,936)	Remeasurements of the net defined benefit liability		42,392
66,595	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement		32,768
(34,626)	Employer's pensions contributions and direct payments to pensioners payable in the year		(38,811)
<b>19,452</b>	<b>Balance at 31 March</b>		<b>55,801</b>

Accumulated Absences Account

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

<b>2022/23</b>		<b>2023/24</b>	
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>7,224</b>	<b>Balance at 1 April</b>		<b>7,948</b>
(7,224)	Settlement or cancellation of accrual made at the end of the preceding year	(7,948)	
7,948	Amounts accrued at the end of the current year	8,876	
724	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		928
<b>7,948</b>	<b>Balance at 31 March</b>		<b>8,876</b>

## 14. Cash Flow Statement – Operating Activities

2022/23		2023/24
£'000		£'000
(119,402)	Net surplus or (deficit) on the provision of services ^	(80,228)
<b>(119,402)</b>		<b>(80,228)</b>
	<b>Adjustment to surplus or deficit on the provision of services for non-cash movements:</b>	
90,934	Depreciation	96,631
117,288	Impairment, downward revaluations & non sale derecognitions	77,955
(1,407)	(Increase)/Decrease in Stock	(632)
(33,088)	(Increase)/Decrease in Debtors	(38,690)
32,434	Increase/(Decrease) in Creditors	(7,649)
31,969	Movement in Pension Liability	(6,043)
2,317	Carrying amount of non current assets sold	770
1,784	Contributions to Other Reserves/Provisions	(7,219)
(3,410)	Movement in value of investment properties	0
<b>238,821</b>		<b>115,123</b>
	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:</b>	
(82,571)	Receipt of Capital Grants and Contributions	(79,176)
(1,506)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(1,681)
15,967	Bond Effective Interest Rate Adjustment	17,542
<b>(68,110)</b>		<b>(63,315)</b>
<b>51,309</b>	<b>Net cash flows from operating activities</b>	<b>(28,420)</b>

^ includes the following:

2022/23		2023/24
£'000		£'000
5,188	Interest receivable	7,462
(60,374)	Interest payable	(74,194)

## 15. Cash Flow Statement – Investing Activities

2022/23		2023/24
£'000		£'000
(242,573)	Purchase of property, plant and equipment, investment properties and heritage assets	(232,245)
(2,779)	Purchase/(Sale) of short term and long term investments	(2,680)
2,273	Proceeds from the sale of property, plant and equipment and investment properties	2,309
(767)	Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	(629)
82,571	Capital grants and contributions received	79,176
<b>(161,275)</b>	<b>Net cash flows from investing activities</b>	<b>(154,069)</b>

## 16. Cash Flow Statement – Financing Activities

2022/23		2023/24
£'000		£'000
(37)	Other receipts from financing activities	(37)
(4,827)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PPP contracts	(5,728)
0	Repayment of amounts borrowed	187,535
(15,967)	Bond Effective Interest Rate Adjustment	(17,542)
104,282	New borrowings	0
<b>83,451</b>	<b>Net cash flows from financing activities</b>	<b>164,228</b>

## 17. Cash Flow Statement – Cash and Cash Equivalents

31 March 2023		31 March 2024
£'000		£'000
27	Cash held by the Authority	24
76,051	Bank current accounts	57,793
<b>76,078</b>	<b>Total cash and cash equivalents</b>	<b>57,817</b>

## 18. Trading Operations

The Council has established trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other organisations. Details of those units are as follows:

Significant Trading Operations		2021/22	2022/23 **	2023/24	Cumulative (Surplus) /Deficit
		£'000	£'000	£'000	£'000
<b>Provision and Management of Car Parking Facilities</b>  Responsible for the management and operation of pay and display parking as well as policing the regime for dealing with decriminalised parking offences. Cumulative surplus over the last three operational financial years: £5.926 million.	<b>Turnover</b>	(6,280)	(4,507)	0	
	<b>Expenditure</b>	2,681	2,386	0	
	<b>Interest</b>	(94)	(112)	0	
	<b>Net (Surplus)/Deficit</b>	<b>(3,693)</b>	<b>(2,233)</b>	<b>0</b>	<b>(5,926)</b>
<b>Letting of Industrial, Commercial and Other Properties</b>  Provides the management and operation of the Council's portfolio of industrial, commercial and miscellaneous land and property holdings which are in the main available for rent on the open market at commercial rates. Cumulative surplus in the last three financial years: £18.013 million.	<b>Turnover</b>	(16,147)	(21,678)	0	
	<b>Expenditure</b>	10,386	10,528	0	
	<b>Interest</b>	(489)	(613)	0	
	<b>Net (Surplus)/Deficit</b>	<b>(6,250)</b>	<b>(11,763)</b>	<b>0</b>	<b>(18,013)</b>
<b>Net (Surplus)/Deficit on Significant Trading Operations</b>		<b>(9,943)</b>	<b>(13,996)</b>	<b>0</b>	<b>(23,939)</b>

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement within the Financing and Investment Income and Expenditure line. The properties held within the Letting of Industrial, Commercial and Other Properties are classed as Investment Properties and thus the results of this operation are included within this category.

	2021/22	2022/23 **	2023/24
	£'000	£'000	£'000
Net (surplus)/deficit on trading operations	(9,943)	(7,177)	0
Other non-statutory Trading Operations	2,902	48,689	0
exceptional items*	6,750	(3,410)	0
	(291)	38,102	0
Investment properties	500	(8,353)	0
Other Investment Income	(791)	46,456	0
Surplus credited to Financing & Investment Income and Expenditure (note 9)	(291)	38,103	0

\*The exceptional items relate to revaluations of the property portfolio and reflect conditions in the market at this time – see Note 26 Investment properties on page 110.

\*\* 2022/23 figures restated

From 23/24 trading has been removed, as these services no longer meet the criteria to be classed as trading operations.

## 19. Agency Services

Where a local authority is acting as an intermediary in the collection and distribution of funds but bears no financial gain/loss it is deemed to be acting as an Agent. Agency arrangements are removed from the Comprehensive Income & Expenditure Account.

- The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water from households within the authority. During 2023/24, £46.546m (2022/23, £46.537) was collected as water and sewerage charges for all years. £45.673 m (2022/23 £45.761m) of the amount collected was remitted to Scottish Water, with the Council retaining £0.873m (2022/23 £0.776m) as Commission fee.
- The Council Issued Ukrainian Grants on behalf of the Central Government during 23/24 to the value of £0.418m. (2022/23 £0.256 m).
- The Council issued grants on behalf of the Scottish Government for assistance with Energy costs. In 23/24 the Council issued £84k for Energy Bill Support Scheme (22/23 £0) & £26k for Alternative Fuel Payment (22/23 £0).
- The Council acts as an agent for the Scottish Government by collecting Non-Domestic Rates (NDR) on their behalf. The Council provided £201.9 m in 2023/24 (2022/23 £230.9m) to the National NDR Pool after adjustments for provisions for bad and doubtful debt and prior year adjustments and received back £257.4 m in income (2022/23 £268.2 m).

## 20. External Audit Costs

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

<b>External Audit Fees</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Fees payable with regard to external audit services undertaken in accordance with the Code of Practice	497	527
Audit of financial statements of subsidiaries (Charitable Trusts) pursuant to legislation	10	10
<b>Total</b>	<b>507</b>	<b>537</b>

## 21. Pensions Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of the Annual Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2023 the Council's own contributions equate to approximately 2.6%.

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In 2023/24, the council paid £22.784 million to the Scottish Government in respect of teachers' pension costs, which represents 23% of teachers' pensionable pay from 1 April 2023 to 31 March 2024. The figure for 2022/23 was £18.694 million representing 23% of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 22. The Council is not liable to the scheme for any other entities' obligations under the plan.

## 22. Defined Benefit Pension Schemes

The North East Scotland Pension Fund (NESPF) is administered by Aberdeen City Council within the Local Government Pension Scheme regulations. Previously the NESPF comprised of two funds:

- The North East Scotland Pension Fund
- The Aberdeen City Council Transport Fund (ACCTF)

However, on 1 April 2022, the ACCTF merged with the NESPF.

The NESPF was established under the Superannuation Fund Act 1972. It is a statutory scheme and is contracted out of the Second State Pension. It is open to all employees of the scheduled bodies, except for those whose employment entitles them to belong to another statutory pension scheme (e.g. Police, Fire and Teachers).

Employees of admitted bodies can join the scheme subject to their individual admission criteria which are outwith the control of Aberdeen City Council.

There are 10 scheduled bodies, and these are:

Aberdeen City Council, Aberdeenshire Council, The Moray Council, Scottish Water, Scottish Police Authority, Scottish Fire and Rescue Service, North East Scotland College, Moray College, Grampian Valuation Joint Board and Nestrans.

The Funds' investments are externally managed in accordance with the Local Government Pension Scheme (Scotland) (Management and Investment of Funds) Regulations 2010.

Under the Local Government Pension Scheme (Administration) (Scotland) Regulations, there is a requirement for the Council to publish a pension fund annual report from 2011. The report covers, amongst other things, a report by the Chief Officer - Finance, scheme governance, governance compliance and membership statistics. It also contains important information on investments and market valuations.

The report will be made available on the Pension Fund website under [www.nespf.org.uk](http://www.nespf.org.uk) or on request from the Chief Officer - Finance, Marischal College, Broad Street, Aberdeen, AB10 1AB.

### Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Aberdeen City Council – this is a funded defined benefit scheme calculated on a career average basis, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.



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- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pension liabilities, and cash must be generated to meet actual pensions payments as they eventually fall due.

The principal risks to authority of the Local Government Pension Scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

#### **Discretionary post-retirement benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

#### **Transactions relating to post-employment benefits**

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

#### **Pension Assets and Liabilities Recognised in the Balance Sheet**

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

	Local Government Scheme	Pension £'000	Scottish Teachers Superannuation Scheme £'000	
	2022/23	2023/24	2022/23	2023/24
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of Services:</i>				
Service cost comprising:				
• current service cost	62,359	30,054	0	0
• administration expenses	665	721	0	0
• past service costs	12	16	0	0
• (gain)/loss from settlements	727	1,984	0	0
Financing and Investment Income and Expenditure				
• net interest expense	2,125	(20,243)	707	912
• interest on asset ceiling	0	19,324	0	0
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>65,888</b>	<b>31,856</b>	<b>707</b>	<b>912</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
• return on plan assets (excluding the amount included in the net interest expense)	130,850	(18,010)	0	0
• actuarial gains and losses arising on changes in demographic assumptions	(41,357)	(15,770)	(663)	(260)
• actuarial gains and losses arising on changes in financial assumptions	(757,017)	(80,870)	(6,172)	(448)
• change in effect of the asset ceiling	402,592	87,218	0	0
• other	139,703	53,222	1,128	46
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(59,341)</b>	<b>57,646</b>	<b>(5,000)</b>	<b>250</b>
<b>Movement in Reserves Statement</b>				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(65,888)	(31,856)	(707)	(912)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• employers' contributions payable to scheme	30,666	34,581	0	0
• retirement benefits payable to pensioners	2,375	2,539	1,585	1,691

### Pension Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme		
	2021/22	2022/23	2023/24
Present value of the defined benefit obligation	(1,847,654)	(1,276,947)	(1,318,630)
Fair value of plan assets	1,792,176	1,707,540	1,808,440
Sub total	(55,478)	430,593	489,810
Discretionary Benefits Arrangements	(36,904)	(28,001)	(37,790)
Scottish Teachers Superannuation Scheme	(26,037)	(19,452)	(18,011)
IFRIC14 adjustment:			
• effect of asset ceiling	0	(402,592)	(489,810)
<b>Net asset (liability) arising from defined benefit obligation</b>	<b>(118,419)</b>	<b>(19,452)</b>	<b>(55,801)</b>

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total liability of £55.801 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. Statutory arrangements for funding the deficit are as follows:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

IAS19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC14. The economic benefits were calculated as £489.810m. Therefore, an adjustment to the defined benefit plan asset has been required in accordance with IAS19 and IFRIC14.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 are £21.8 million. Expected contributions for the Discretionary Benefit Scheme in the year to 31 March 2025 are £4.3 million.

**Assets and liabilities in relation to post-employment benefits***Reconciliation of fair value of the scheme (plan) assets:*

	<b>Total Assets: Local Government Pension Scheme £'000</b>		<b>Includes: Discretionary Benefits Arrangements £'000</b>	
	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Opening fair value of scheme assets</b>	<b>1,790,244</b>	<b>1,304,948</b>	<b>0</b>	<b>0</b>
Interest income	50,155	81,999	0	0
Remeasurement gain/(loss):	0	0	0	0
· The return on plan assets, excluding the amount included in the net interest expense	(130,854)	18,010	0	0
· Other	(665)	(721)	0	0
The effect of changes in foreign exchange rates	0	0	0	0
Business combinations	0	9,505	0	0
Contributions from employer	33,041	37,120	2,488	2,801
Contributions from employees into the scheme	10,098	10,743	0	0
Benefits paid	(44,479)	(55,756)	(2,488)	(2,801)
Other	0	0	0	0
<b>Closing fair value of scheme assets</b>	<b>1,707,540</b>	<b>1,405,848</b>	<b>0</b>	<b>0</b>
<b>Effect of the Asset Ceiling</b>	<b>(402,592)</b>	<b>(87,218)</b>	<b>0</b>	<b>0</b>
<b>Adjusted Closing Fair Value of Scheme Assets</b>	<b>1,304,948</b>	<b>1,318,630</b>	<b>0</b>	<b>0</b>
	<b>Total Assets: Scottish Teachers Superannuation Scheme (All Unfunded) £'000</b>			
	<b>2022/23</b>	<b>2023/24</b>		
<b>Opening fair value of scheme assets</b>	<b>0</b>	<b>0</b>		
Contributions from employer	1,607	1,691		
Benefits paid	(1,607)	(1,691)		
<b>Closing fair value of scheme assets</b>	<b>0</b>	<b>0</b>		

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £132.807 million (2022/23, £80.699m).

## Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation):

	Total Liabilities: Local Government Pension Scheme £'000		Includes: Discretionary Benefits £'000	
	2022/23	2023/24	2022/23	2023/24
<b>Opening balance at 1 April</b>	<b>(1,882,661)</b>	<b>(1,304,948)</b>	<b>(36,904)</b>	<b>(28,001)</b>
Current service cost	(62,359)	(30,054)	0	0
Interest cost	(52,279)	(61,756)	(998)	(1,277)
Contributions from scheme participants	(10,098)	(10,743)	0	0
Remeasurement (gains) and losses:				
· Actuarial gains/losses arising from changes in demographic assumptions	41,366	15,770	756	523
· Actuarial gains/losses arising from changes in financial assumptions	757,051	80,870	8,845	1,441
· Other	(139,708)	(53,222)	(2,188)	(13,277)
Past service cost	(12)	(16)	0	0
Losses/(gains) on curtailment	(727)	(1,984)	0	0
Liabilities assumed on entity combinations	0	(8,303)	0	0
Benefits paid	44,479	55,756	2,488	2,801
Liabilities extinguished on settlements	0	0	0	0
<b>Closing balance at 31 March</b>	<b>(1,304,948)</b>	<b>(1,318,630)</b>	<b>(28,001)</b>	<b>(37,790)</b>

	<b>Local Government Pension Scheme</b>	
	<b>£'000</b>	
	<b>2022/23</b>	<b>2023/24</b>
<b>Opening balance at 1 April</b>	0	(402,592)
Effect of asset ceiling	(402,592)	(87,218)
<b>Closing balance at 31 March</b>	<b>(402,592)</b>	<b>(489,810)</b>

	<b>Total Liabilities: Scottish Teachers Superannuation Scheme (All Unfunded)</b>	
	<b>£'000</b>	
	<b>2022/23</b>	<b>2023/24</b>
<b>Balance at 1 April</b>	<b>(26,037)</b>	<b>(19,452)</b>
	(707)	(912)
Net (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	663	260
Actuarial gains/losses arising from changes in financial assumptions	6,172	448
Other	(1,128)	(46)
	1,585	1,691
<b>Balance at 31 March</b>	<b>(19,452)</b>	<b>(18,011)</b>

## Local Government Pension Scheme assets comprised:

	Fair value of asset schemes 2022/23 £'000	%	Fair value of asset schemes 2023/24 £'000	%
Cash and cash equivalents	66,423	3.9%	68,359	3.8%
Equity instruments:				
• UK quoted and unquoted	274,060		115,017	
• Global quoted and unquoted	383,855		605,647	
• Global Frontier Fund	0		0	
• Pooled UK & Global	293,697		322,987	
Sub-total equity	951,612	55.7%	1,043,651	57.7%
Bonds:				
• Corporate	0		0	
• Government	109,624		107,060	
Sub-total bonds	109,624	6.4%	107,060	5.9%
Property:				
• UK direct	111,673		115,559	
• Property funds - global	0		0	
• Property funds - UK	0		0	
Sub-total property	111,673	6.5%	115,559	6.4%
Private Equity:				
• European	0		0	
• UK	167,851		168,547	
• Global	120,382		123,335	
Sub-total private equity	288,233	16.9%	291,882	16.1%
Other Investment Funds:				
• Infrastructure	36,371		28,935	
• Diversified Growth Funds	0		0	
• Other Loan Fund	0		0	
• Multi Asset Credit	143,604		152,994	
Sub-total investment funds	179,975	10.5%	181,929	10.1%
<b>Total assets</b>	<b>1,707,540</b>	<b>100.0%</b>	<b>1,808,440</b>	<b>100.0%</b>
<b>Effect of asset ceiling</b>	(402,592)		(489,810)	
	<b>1,304,948</b>		<b>1,318,630</b>	

**Basis for estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and the Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimated for the North East Scotland Pension Fund on the latest full valuation of the scheme as at 31 March 2024.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Scottish Teachers Superannuation Scheme	
	2022/23	2023/24	2022/23	2023/24
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.0	20.7	21.0	20.7
Women	23.4	23.0	23.4	23.0
Longevity at 65 for future pensioners:				
Men	22.4	22.0	-	-
Women	25.4	24.8	-	-
Rate of inflation	2.7%	2.7%	2.7%	2.7%
Rate of increase in salaries	4.2%	4.2%	4.2%	4.2%
Rate of increase in pensions	2.8%	2.8%	2.8%	2.8%
Rate for discounting scheme liabilities	4.8%	5.2%	4.9%	5.2%

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

Impact on the Defined Benefit Obligation in the Scheme:

	Increase in Assumption £'000	Increase in Assumption £'000
	2022/23	2023/24
Longevity (increase by 1 year in life expectancy)	27,310	33,235
Rate of inflation (increase by 0.25%)	55,236	48,658
Rate of increase in salaries (increase by 0.25%)	5,086	6,526
Rate for discounting scheme liabilities (increase by 0.5%)	(101,964)	(92,183)



### **23. Events after the Balance Sheet Date**

These are events that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events may be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period; the financial statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events require to be disclosed.

There are no such events to report for 2023/24.

### **24. Related Parties**

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The most material of these transactions, including outstanding balances where normal terms and conditions may apply are shown below:

**Subsidiaries, Associates and Joint Ventures**

	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2022/23
	Expenditure £000	Income £000	Debtor £000	Creditor £000	Expenditure £000	Income £000	Debtor £000	Creditor £000
Bon Accord Support Services	37,840	(756)	7,829	(2,173)	40,139	(1,356)	1,032	(131)
Common Good	54	(2,912)	865	(1,301)	477	(2,539)	0	(13,302)
Trust Funds	283	(46)	0	(5,340)	173	(43)	0	(5,207)
Sport Aberdeen	4,515	0	0	(5,160)	4,815	0	0	(3,915)
Aberdeen Heat & Power	3,499	-237	0	(395)	2,175	(227)	0	(656)
Aberdeen Sports Village	1,005	(6)	0	0	1,168	(1)	0	0
Aberdeen City Integration Joint Board	128,856	(176,516)	0	(144)	123,736	(170,629)	0	(9,935)
Grampian Valuation Joint Board	1844	0	38	(865)	1671	0	85	(679)

All of these bodies form part of the Council's group accounts which are set out on pages 158-176.

**Organisations not included in the Consolidated accounts**

These are bodies in which the Council holds an interest in by means of collaboration with other local authorities or organisation in which the Council holds significant interest in by contributing substantially towards their funding, but which do not meet the criteria to be included in the Group Consolidated Accounts.

	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2022/23
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	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Debtor £000</b>	<b>Creditor £000</b>	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Debtor £000</b>	<b>Creditor £000</b>
NESTRANS	1,589	(1,864)	1,231	(1,223)	3,623	(1,506)	338	(790)
Scotland Excel	185	0	0	0	181	0	0	0
SDPA	0	0	0	0	0	0	0	0

### Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits)

	<b>2023/24</b>	<b>2023/24</b>	<b>2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Debtor £000</b>	<b>Creditor £000</b>	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Debtor £000</b>	<b>Creditor £000</b>
Scottish Government	0	(424,275)	45,452	(17,713)	0	(403,923)	38,677	(56,920)

### Other Public Bodies

IAS 24 requires all related party transactions during the year to be disclosed in the Annual Accounts. This disclosure should include the nature of the transaction and any outstanding balances. Significant transactions with other public bodies are displayed in the table below:

	<b>2023/24</b>	<b>2023/24</b>	<b>2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>
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	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Debtor £000</b>	<b>Creditor £000</b>	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Debtor £000</b>	<b>Creditor £000</b>
NHS Bodies	1,685	(75)	795	(1,362)	5,925	0	2,222	(612)
Other Local Authorities	0	0	3,925	(6,489)	0	0	8,422	(1,600)
North East Pension Fund	6,638	-2,233	0	0	34,319	(2,040)	0	0
Police Scotland	0	0	653	0	0	0	621	(500)
Scottish Fire & Rescue	0	0	0	0	0	(1)	1	0
Scottish Water	1,859	(11)	763	(118)	1,521	0	928	(460)
Transport Scotland	3,557	(44,307)	128	0	1,790	(40,577)	1,952	0
Department of Works & Pension	40	0	27	(299)	50	0	0	0
Scottish Qualifications Authority	730	0	0	0	720	0	0	0

### Members Interest

It is a requirement of the Council's Code of Conduct for Elected Members to declare any registered interest in any bodies where the Council itself does not have significant influence over their operations. Each Member's Register of Interest is available in the Your Councillors section of the Aberdeen City Council website.

In 2023/24, Aberdeen City Council made total payments of £9m to 24 bodies where members hold an interest. Payment to bodies where the total is in excess of £0.25m have been listed below:

	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2022/23
	Expenditure £000	Income £000	Debtor £000	Creditor £000	Expenditure £000	Income £000	Debtor £000	Creditor £000
Aberdeen Performing Arts	1,160	(48)	23	(4)	1,073	(41)	0	(2)
Aberdeen Inspired	192	(69)	0	0	2,141	(10)	0	0
Opportunity North East	0	0	0	0	5,500	0	0	0
Aberdeen Foyer	712	(32)	7	0	822	(26)	8	0
University of Aberdeen	349	(49)	1	1	433	0	66	0
Citizens Advice Bureau	431	0	4	0	427	(22)	0	0
Scottish Teachers Pension Scheme	0	0	0	0	0	0	0	(6,815)



## 25. Leases

### Council as Lessee

#### *Finance Leases*

The Council has acquired the development at Marischal Square under a Finance Lease. The asset consisting of a hotel, retail and office units are carried as an Investment Property on the Balance Sheet. The minimum lease payments are made up of the following amounts:

#### **The minimum lease payment will be payable over the following periods:**

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£'000	£'000	£'000	£'000
Not later than one year	5,777	5,777	5,381	5,344
Later than one year not later than five years	23,108	23,108	21,113	20,924
Later than five years	142,262	136,485	87,812	82,658
	<b>171,147</b>	<b>165,370</b>	<b>114,306</b>	<b>108,926</b>
The minimum sublease payments expected to be received under non-cancellable subleases as at 31 March 2024 is £33,403,575				

#### *Operating Leases*

The Council has entered into a number of land and buildings operating leases. It also leases hydrogen and electric vehicles. The future minimum lease payments due under non-cancellable leases in future years are:

	Land and Buildings		Vehicles	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£'000	£'000	£'000	£'000
Not later than one year	313	283	44	32
Later than one year and not later than five years	836	805	0	0
Later than five years	3,370	4,521	0	0
	<b>4,519</b>	<b>5,609</b>	<b>44</b>	<b>32</b>

The Council has considered contractual arrangements which may contain implied leases. This identified contracts for social care residential services within which it is considered that the Council has the exclusive use of the care homes that it funds. Thus, there is an implied lease in operation within the funding agreement in place. The nature of the lease is operating as the agreements with the service providers are subject to review within the next three years. Given there is the potential to revoke funding within three years and therefore cease implied control of the properties there is no long-term commitment.

The future minimum lease payments due under non-cancellable leases in future years is as follows:

Implied Lease (Care Homes)	31 March 2023	31 March 2024
	£'000	£'000
Not later than one year	170	225
Later than one year and not later than five years	480	649
	<b>650</b>	<b>874</b>

#### Council as Lessor

##### *Operating Leases*

The Council leases out land and buildings for a variety of purposes. It also leases out hydrogen buses to the two local bus operators. The future minimum lease payments due under non-cancellable leases in future years are:

	Land and Buildings		Hydrogen Buses	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£'000	£'000	£'000	£'000
Not later than one year	5,557	5,407	104	100
Later than one year and not later than five years	16,820	16,560	278	178
Later than five years	174,288	177,844	0	0
	<b>196,665</b>	<b>199,811</b>	<b>382</b>	<b>278</b>

## 26. Investment Properties

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement. From 23/24 the trading note has been removed, as these services no longer meet the criteria to be classed as trading operations:

	31 March 2023	31 March 2024
	£'000	£'000
Rental and interest income from investment property	(22,291)	0
Expenses arising from investment property	17,347	0
Revaluation (gains)/losses	(3,409)	0
<b>Net (gain)/loss</b>	<b>(8,353)</b>	<b>0</b>



There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance, or enhancement. The Event Complex Aberdeen (TECA) Aloft and Hilton hotels, and development land have been classified as investment properties.

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at start of the year</b>	<b>150,617</b>	<b>169,883</b>
Additions	37	86
Disposals	(1,080)	(300)
Net gains/(losses) from fair value adjustments	3,409	(25,099)
Transfers:		
• (to)/from Property, Plant and Equipment	16,900	0
<b>Balance at end of the year</b>	<b>169,883</b>	<b>144,570</b>

## 27. Heritage Assets

## I Reconciliation of the Carrying Value of Heritage Assets held

	City Monuments £'000	Maritime & Social History £'000	Numismatics £'000	Science, Technology & Industry £'000	Art Collection £'000	Civic Insignia £'000	Total Assets £'000
<b>Cost or valuation</b>							
At 1 April 2022	608	1,708	17	0	193,639	300	196,272
Additions	0	0	0	0	115	0	115
Revaluations	0	0	0	0	3,336	0	3,336
<b>At 31 March 2023</b>	<b>608</b>	<b>1,708</b>	<b>17</b>	<b>0</b>	<b>197,090</b>	<b>300</b>	<b>199,723</b>
<b>Cost or valuation</b>							
At 1 April 2023	608	1,708	17	0	197,090	300	199,723
Additions	0	0	0	0	43	0	43
Revaluations	0	240	0	0	267	0	507
<b>At 31 March 2024</b>	<b>608</b>	<b>1,948</b>	<b>17</b>	<b>0</b>	<b>197,400</b>	<b>300</b>	<b>200,273</b>

**City Monuments**

The Council's collection of City Monuments is reported in the Balance Sheet at insurance valuation which is based on market values. The most recent valuations were performed between 2007 and 2010.

**Maritime & Social History, Numismatics, Science, Technology & Industry**

All three collections are reported in the Balance Sheet at valuation. The curator of each collection determines the valuation based on current values where possible. Due to their nature, there are few sales of such items which makes assessing correct valuations subject to estimation uncertainty. For items within the Maritime collection, most were valued between 2002 and 2013. The numismatics collection includes a Mary Queen of Scots coin dated 1555 which was valued in 1992. The Science, Technology & Industry collection includes a Rawlins of London Carriage dated 1817 which was valued in 2001.

**Art Collection**

The Council's collection of art consists of applied art and fine art. Due to the size of the collection an external valuer was not used to determine the asset worth. For items within applied art, most were valued between 2002 and 2013 where items in the collection were prompted for revaluation when they were loaned to exhibitions or if a similar item was sold at auction.

### **Civic Insignia**

The Council's collection of Civic Insignia is reported in the Balance Sheet at insurance valuation which is based on market values. The most recent valuations were undertaken in 2013.

## **ii Heritage Assets: Further Information on the Museum's Collections**

### **City Monuments**

This collection boasts over 100 monuments from around the Aberdeen City Centre area including the William Wallace Monument by William Grant Stevenson and King Edward VII by Alfred Drury dating back to 1910. Only five monuments have been recognised on the Council's Balance Sheet due to the difficulty in obtaining accurate valuations which reflect the true monuments' value.

### **Maritime & Social History**

The collection is maintained to allow locals and visitors of Aberdeen to see real things relating to the lives of the people who built and sailed the ships, fished the seas and defined the harbour from the medieval period to today's busy oil port. A rich collection of "Captain's Paintings" from the clipper ship era, ship models from 1689 to the present, whaler's harpoons, 14<sup>th</sup> century jugs traded to Aberdeen from Holland, a fine lighthouse lens assembly, the deck house of a steamer and underwater unmanned remotely controlled vehicles are all presented along with hundreds of other fascinating objects from Aberdeen's long association with the sea.

### **Numismatics**

The main strength of this superb collection is in Scottish coins and banknotes, including no fewer than 16 gold coins, ranging in date from the 13<sup>th</sup> to the 20<sup>th</sup> century. In addition to that group are the 14<sup>th</sup> century coin hoards found in Aberdeen, which are of major European significance. Coins from ancient Greece and Rome are among the City's collection, which also features coinage and banknotes from most countries of the modern world. Communion tokens from churches in Aberdeen, North East Scotland and beyond as well as trade tokens further enhance this assemblage, while a fine range of medals, both commemorative and military, are also included. In line with the Council's capitalisation policy only one item from the collection is reported in the Balance Sheet. This is a Mary Queen of Scots coin dated 1555 valued at £6,300.

### **Science, technology and industry**

This collection records the working lives of the people of Aberdeen and how technology has changed communities, work and leisure. This most important local history collection includes items from Aberdeen's great industries such as granite and local engineering. Tools, machines and photographs give an insight into the work of local craftsmen such as the cooper, joiner and shoemaker. The introduction of gas and new transport systems changed the City and are also represented in the collection, as is the gradual increase in technology in the home and office. This collection seeks to record Aberdeen's continued growth and development. In line with the Council's capitalisation policy only one item from the collection was reported in the Balance Sheet. The Rawlins of London Carriage dated 1817 valued at £10,000 has now been transferred to the Grampian Transport Museum.

### **Fine Art Collection**

The collection consists of over 14,000 items including paintings, sculptures and other media which are of local, national and international significance. The major strengths of the collections range from the period c.1850 to present day, with particularly rich holdings of the 19<sup>th</sup> and 20<sup>th</sup> century Scottish art, early 20<sup>th</sup> century English art and a growing collection of challenging international art of the 21<sup>st</sup> century. Artists' portraits and self-portraits form one important collection area as does the unrivalled holding of work by James McBey. The collection also has particularly significant items in terms of both value and note, including an excellent oil canvas by Francis Bacon "Pope I – Study after Pope Innocent X by Velasquez" which was valued by Sotheby's at £70 million on 24 January 2018.

### Applied and Decorative Art

The collection comprises over 15,000 items, covering all aspects of applied and decorative art, design and craft and costume and textiles. The collection is particularly strong in the area of ceramics, costume, glass, jewellery, metalwork and textiles, with particular emphasis on Scottish work. An active policy of collecting contemporary British Craft has resulted in one of the most important collections of this type in Scotland. There is a significant group of enamels by the Aberdeen artist James Cromar Watt (1862-1940). The fashion designer Bill Gibb (1943-1988), who was born in Aberdeenshire, is represented by the largest collection of his outfits in the UK along with an archive of over 2,000 fashion sketches, working drawings and notes. In addition, the collection boasts a Lacquer Box valued at £250,000.

### Civic Insignia

This small collection of around 10 items consists of insignia relating to civic duties in Aberdeen including items such as badges and chains of office of the Lord and Lady Provost, the Treasurer and the Dean of Guild. Most items boast the Aberdeen City Coat of Arms and date back as early as the 16<sup>th</sup> century.

### Archaeology

These collections reflect the extraordinarily rich archaeological heritage of Aberdeen and the North East of Scotland and the internationally significant excavations which have taken place since the 1970s. The great strength lies in the substantial body of local medieval material, which, owing to special staff expertise in this field, is an important resource for research and interpretation. The collection – which continues to grow as new discoveries are made – also includes many organic objects, such as leather shoes, textile fragments, rope and wooden artefacts, which survived hundreds of years of burial owing to the rare, waterlogged soil conditions of Aberdeen. Prehistoric objects from the locality, as well as objects from ancient Greece and Egypt, are also part of the collection. Due to the nature of the items within this collection, it is the Council's opinion that because of their rarity, it is not possible to provide a reliable estimate of the collection's value.

### Library & Information Services

Aberdeen City Libraries hold a number of reference collections which could be deemed to be held and maintained principally for their contribution to knowledge and culture. The collection consists of Historic book collections of Local and National significance including:

- Cosmo Mitchell Bequest – a collection of books on the art and execution of dance spanning the late 19<sup>th</sup> and early 20<sup>th</sup> centuries;
- Aberdeen in WW2 – a comprehensive photographic record of air-raid damage suffered by Aberdeen during World War Two; and
- James Walker Collection – a collection of books on the theory of music and music scores including some rare examples of early Scottish music.

The Council's Library Service also includes historic directories; the historic local newspaper archive and a photographic archive which is an extensive collection of historical photographs covering buildings, streets and harbour scenes in the city. Due to the immaterial value of these items, this collection has not been disclosed on the Balance Sheet.

### Preservation and Management

Each of the collections, with the exception of the Library & Information Service and Civic Insignia is managed by a curator of Aberdeen Art Gallery and Museums in accordance with policies that are approved by the Education, Culture and Sport Committee of the Council. Further information on the management of Heritage Assets is provided in the "Acquisition and Disposal Policy" which has been produced in line with the requirements of the Arts Council in England. Acquisitions are small and primarily made by donation. However, on rare occasions when a particularly important asset is available for purchase, the Council will undertake the purchase provided that it meets the objectives of the Museum and the Council in terms of its collection of Heritage Assets. The policy also sets out that disposals of assets in the collections are the responsibility of the governing body of the museum acting on the advice of professional curatorial staff and will only be disposed of after considering the public interest and implication for the museum's collections. Assets are collated, preserved and managed in accordance with the aforementioned policy. There is a computerised record of all assets held within each collection which contains a brief description of the asset, the artist/author, type of asset and value. Each asset also has a unique identifier for reference purposes.

## 28. Property, Plant and Equipment

Movements in 2022/23:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets *	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PPP Assets included in Property, Plant & Equipment **
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1 April 2022</b>	<b>902,051</b>	<b>1,239,576</b>	<b>74,412</b>		<b>31,021</b>	<b>6,143</b>	<b>128,964</b>	<b>2,382,167</b>	<b>199,961</b>
Additions	111,668	24,871	13,168		564	13	61,320	<b>211,604</b>	2,538
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(3,506)	6,707	0		0	(87)	0	<b>3,114</b>	0
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(71,418)	(70,110)	0		0	(742)	0	<b>(142,270)</b>	0
Derecognition – Disposals	0	0	(601)		0	(350)	0	<b>(951)</b>	0
Derecognition – Other	0	0	(4,551)		0	0	0	<b>(4,551)</b>	0
Reclassifications and Transfers	0	39,730	0		18,514	2,648	(70,544)	<b>(9,652)</b>	0
<b>At 31 March 2023</b>	<b>938,795</b>	<b>1,240,774</b>	<b>82,428</b>		<b>50,099</b>	<b>7,625</b>	<b>119,740</b>	<b>2,439,461</b>	<b>202,499</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2022</b>	<b>(4,598)</b>	<b>(33,040)</b>	<b>(43,733)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(81,371)</b>	<b>(6,169)</b>
Depreciation charge	(35,213)	(34,527)	(7,857)		0	0	0	<b>(77,597)</b>	<b>(3,880)</b>
Depreciation written out to the Revaluation Reserve	13,617	6,333	0		0	0	0	<b>19,950</b>	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	17,364	9,730	0		0	0	0	<b>27,094</b>	0
Derecognition – Disposals	0	0	346		0	0	0	<b>346</b>	0
Derecognition – Other	0	0	4,551		0	0	0	<b>4,551</b>	0
Reclassifications and Transfers	0	746	0		0	0	0	<b>746</b>	0
<b>At 31 March 2023</b>	<b>(8,830)</b>	<b>(50,758)</b>	<b>(46,693)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(106,281)</b>	<b>(10,049)</b>
<b>Net Book Value</b>									
<b>At 31 March 2023</b>	<b>929,965</b>	<b>1,190,016</b>	<b>35,735</b>	<b>277,038</b>	<b>50,099</b>	<b>7,625</b>	<b>119,740</b>	<b>2,610,218</b>	<b>192,450</b>
<b>At 31 March 2022</b>	<b>897,453</b>	<b>1,206,536</b>	<b>30,679</b>	<b>259,559</b>	<b>31,021</b>	<b>6,143</b>	<b>128,964</b>	<b>2,560,355</b>	<b>193,792</b>

\* As noted on page 70, the Council has chosen to adopt both Infrastructure Asset overrides for 2022/23 and 2023/24.

\*\* 22/23 figures restated

## Property, Plant and Equipment

Movements in 2023/24:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets *	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PPP Assets included in Property, Plant & Equipment **
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1 April 2023</b>	<b>938,795</b>	<b>1,240,774</b>	<b>82,428</b>		<b>50,099</b>	<b>7,625</b>	<b>119,740</b>	<b>2,439,461</b>	<b>202,499</b>
Additions	119,903	20,605	9,839		2,874	5	50,210	203,436	695
Revaluation increases/(decreases) recognised in the Revaluation Reserve	25,501	66,038	0		0	(3,393)	0	88,146	(6,843)
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(39,273)	(42,226)	0		0	(3,410)	0	(84,909)	(7,149)
Derecognition – Disposals	0	0	0		0	(470)	0	(470)	0
Derecognition – Other	0	0	(14,728)		0	0	0	(14,728)	0
Reclassifications and Transfers	0	91,818	0		0	5,170	(96,988)	0	0
<b>At 31 March 2024</b>	<b>1,044,926</b>	<b>1,377,009</b>	<b>77,539</b>		<b>52,973</b>	<b>5,527</b>	<b>72,962</b>	<b>2,630,936</b>	<b>189,202</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2023</b>	<b>(8,830)</b>	<b>(50,758)</b>	<b>(46,693)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(106,281)</b>	<b>(10,049)</b>
Depreciation charge	(40,388)	(34,039)	(7,884)		0	0	0	(82,311)	(3,920)
Depreciation written out to the Revaluation Reserve	14,129	7,206	0		0	0	0	21,335	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	18,595	13,458	0		0	0	0	32,053	1,547
Derecognition – Disposals	0	0	0		0	0	0	0	0
Derecognition – Other	0	1,100	14,728		0	0	0	15,828	0
Reclassifications and Transfers	0	0	0		0	0	0	0	0
<b>At 31 March 2024</b>	<b>(16,494)</b>	<b>(63,033)</b>	<b>(39,849)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(119,376)</b>	<b>(12,422)</b>
<b>Net Book Value</b>									
<b>At 31 March 2024</b>	<b>1,028,432</b>	<b>1,313,976</b>	<b>37,690</b>	<b>291,398</b>	<b>52,973</b>	<b>5,527</b>	<b>72,962</b>	<b>2,802,958</b>	<b>176,780</b>
<b>At 31 March 2023</b>	<b>929,965</b>	<b>1,190,016</b>	<b>35,735</b>	<b>277,038</b>	<b>50,099</b>	<b>7,625</b>	<b>119,740</b>	<b>2,610,218</b>	<b>192,450</b>

\* As noted on page 70, the Council has chosen to adopt both Infrastructure Asset overrides for 2022/23 and 2023/24.

\*\* 22/23 figures restated

### *Valuations*

The valuation report has been used to inform the measurement of non-current assets in these financial statements. The valuer has continued to exercise professional judgement in preparing the valuation.

### *Depreciation – Useful Lives*

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

- Council Dwellings – up to 25 years
- Other Land and Buildings – up to 75 years
- Vehicles, Plant and Equipment – up to 20 years
- Infrastructure – up to 50 years

*Capital Commitments*

As at 31 March 2024, the Council has a number of ongoing and new contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years. The major commitments amounting to £5 million or more are detailed below with equivalent figures provided for 31 March 2023.

<b>Major Capital Contractual Commitments</b>	<b>As at 31 March 2023 £'000</b>	<b>As at 31 March 2024 £'000</b>
Aberdeen Western Peripheral Route (main contract awarded December 2012)	943	0
TECA (all main contracts awarded 31/03/19)	3,000	0
Tillydrone Primary School (work commenced February 2023)	0	16,900
Energy from Waste (contract signed August 2019)	2,036	4,500
Milltimber Primary (contract awarded 24 July 2020)	241	0
Countesswells Primary (work commenced October 2021)	1,767	0
Torry Primary School and Hub (work commenced April 2022)	6,244	351
Joint Integrated Mortuary (work commenced October 2022)	22,500	19,100
New Build Housing – Summerhill	11,337	827
New Build Housing – Auchmill	565	0
New Build Housing – Cloverhill	84,605	71,432
New Build Housing - Craighill	28,665	25,058
New Build Housing - Kincorth	63,218	54,358
New Build Housing - Tillydrone	13,096	13,280
	<b>238,217</b>	<b>205,806</b>

*Componentisation*

Property, Plant and Equipment with more than one identifiable part to them are considered for componentisation if one of the three trigger events takes place:

- When a new asset is purchased or constructed
- When subsequent expenditure is incurred on asset
- When an asset is revalued

The council separately accounts for significant components with substantially different useful economic lives. A de minimis level of £2.5 million is applied to the overall asset value in this respect.

- Components are deemed to be significant where the cost is more than 10% of the cost of the asset. In practice, the following components are accounted for separately, where material:
  - Land (useful life not applicable);



- Buildings (useful life up to 75 years);
- Plant and equipment (useful life up to 20 years); and
- Other components with substantially different useful economic lives.
- As assets under construction become operational and existing assets are revalued, componentisation will apply.
- Where a component is replaced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount.

#### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations were carried out internally by Deborah Wyllie, BSc MRICS and Stephen Booth, BLE MRICS and externally by District Valuer Frances Hay MRICS and Savills, who are all Royal Institution of Chartered Surveyors (RICS) Registered Valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS.

The significant assumptions applied in estimating the fair values are:

- Buildings constructed under PPP arrangements have been valued as if they were assets wholly owned by the Council without any deferment.

Council Dwellings are valued using the Beacon Method which involves full inspection of a sample of properties (Beacons). Full inspection of properties other than Beacon properties is not considered necessary due to the similarity of the property types covered by the Beacons.

	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant and Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets Under Construction £'000</b>	<b>Total £'000</b>
Carried at historical cost	101,608	0	37,690	291,398	52,973	0	72,962	556,631
Valued at fair value as at:								
31 March 2024	926,824	149,653	0	0	0	5,527	0	1,082,004
31 March 2023	0	262,784	0	0	0	0	0	262,784
31 March 2022	0	446,319	0	0	0	0	0	446,319
31 March 2021	0	0	0	0	0	0	0	0
31 March 2020	0	455,220	0	0	0	0	0	455,220
<b>Total cost or valuation</b>	<b>1,028,432</b>	<b>1,313,976</b>	<b>37,690</b>	<b>291,398</b>	<b>52,973</b>	<b>5,527</b>	<b>72,962</b>	<b>2,802,958</b>

\* The historical cost of the assets revalued in the five years stated cannot be accurately confirmed due to disposals and transfers between asset categories taking place since assets have been revalued.

## 29. Capital Expenditure and Capital Financing

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

	HRA	General Fund	Total	HRA	General Fund	Total
	2022/23	2022/23	2022/23	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Capital Financing Requirement</b>	<b>239,193</b>	<b>1,100,715</b>	<b>1,339,908</b>	<b>312,070</b>	<b>1,171,938</b>	<b>1,484,008</b>
<i>Capital investment</i>						
Property, Plant and Equipment	114,447	127,974	242,421	119,903	112,214	232,117
Heritage Assets	0	115	115	0	43	43
Investment Properties	0	37	37	0	86	86
<i>Sources of finance</i>						
Capital receipts	(44)	(329)	(373)	(129)	(56)	(185)
Government grants and other contributions	(34,462)	(48,109)	(82,571)	(25,702)	(53,473)	(79,175)
Sums set aside from revenue:						
• Direct revenue contributions	636	0	636	494	0	494
• Capital for Current Revenue (CFCR)	(5,596)	(3,638)	(9,234)	0	(1,113)	(1,113)
• Loans fund principal	(2,104)	0	(2,104)	(2,449)	(9,796)	(12,245)
• PPP liability/Finance Lease repayments	0	(4,827)	(4,827)	0	(5,728)	(5,728)
<b>Closing Capital Financing Requirement</b>	<b>312,070</b>	<b>1,171,938</b>	<b>1,484,008</b>	<b>404,187</b>	<b>1,214,115</b>	<b>1,618,302</b>
<i>Explanation of movements in year</i>						
Increase/(Decrease) in underlying need to borrow	72,877	76,050	148,927	92,117	47,905	140,022
Assets acquired under PFI/PPP contracts	0	(4,827)	(4,827)	0	(5,728)	(5,728)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>72,877</b>	<b>71,223</b>	<b>144,100</b>	<b>92,117</b>	<b>42,177</b>	<b>134,294</b>

### 30. Public Private Partnerships (PPP) and Similar Contracts

#### 3R's (Reorganise, Renovate, Rebuild) Schools PPP Scheme

The Council has entered into a 30-year PPP contract for the construction or renovation, maintenance and operation of ten schools. The schools came into operation between May 2009 and April 2011. The Council has rights under the contract to specify the hours and availability of the schools. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct or renovate the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate them. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council has rights to terminate the contract in various circumstances with the consequences of such a termination depending on the reasons for termination.

#### Lochside Academy

The Council has entered into a 28-year PPP contract for the construction of Lochside Academy. The academy came into operation in August 2018. The model is similar to the one above however, soft facilities management (cleaning, catering and janitorial services) are delivered through the Council.

#### Property Plant and Equipment

The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 29.

#### Payments

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

	3R's				Lochside Academy				TOTAL			
	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2024/25	8,052	2,865	5,879	16,796	557	1,443	1,905	3,905	8,609	4,308	7,784	20,701
Payable within two to five years	32,112	14,710	23,223	70,046	3,033	5,923	6,898	15,854	35,145	20,633	30,121	85,900
Payable within six to ten years	50,993	26,291	25,286	102,569	5,127	8,343	6,918	20,388	56,119	34,634	32,204	122,957
Payable within eleven to fifteen years	46,617	37,524	18,293	102,433	5,450	11,090	4,560	21,099	52,066	48,614	22,852	123,532
Payable within sixteen to twenty years	35	1,032	699	1,766	5,411	11,485	1,486	18,383	5,446	12,517	2,186	20,149
Payable within twenty one to twenty five years	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>137,808</b>	<b>82,422</b>	<b>73,380</b>	<b>293,610</b>	<b>19,577</b>	<b>38,284</b>	<b>21,767</b>	<b>79,629</b>	<b>157,386</b>	<b>120,706</b>	<b>95,147</b>	<b>373,239</b>

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance outstanding at start of year</b>	<b>130,565</b>	<b>126,038</b>
Payments during year	(4,527)	(5,332)
<b>Balance outstanding at end of year</b>	<b>126,038</b>	<b>120,706</b>

### 31. Assets Held for Sale

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance outstanding at start of year</b>	<b>11,993</b>	<b>3,150</b>
Revaluation gains and (losses)	(961)	0
Disposals	(632)	0
Reclassifications and transfers	(7,250)	0
<b>Balance outstanding at end of year</b>	<b>3,150</b>	<b>3,150</b>

## 32. Inventories

	Consumable Stores & Maintenance Materials		Client Services Work in Progress		Property Acquired or Constructed for Sale		TOTAL	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance outstanding at start of year</b>	2,880	<b>4,306</b>	26	<b>6</b>	0	<b>0</b>	<b>2,906</b>	<b>4,312</b>
Purchases	19,884	<b>23,425</b>	34,237	<b>44,605</b>	0	<b>0</b>	54,121	68,030
Recognised as an expense in the year	(18,458 )	<b>(22,799 )</b>	(34,257 )	<b>(44,598 )</b>	0	<b>0</b>	(52,715 )	(67,397 )
Written off balances	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	0
Reversals of write-offs in previous years	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	0
<b>Balance outstanding at end of year</b>	<b>4,306</b>	<b>4,932</b>	<b>6</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>4,312</b>	<b>4,945</b>

## 33. Short Term Debtors

	31 MARCH 2023 £'000	31 MARCH 2024 £'000
Central government bodies	34,877	45,452
Other local authorities	8,422	3,925
NHS bodies	2,222	795
Public corporations and trading funds	3,601	5,418
Other entities and individuals	182,142	223,661
<b>Gross Total</b>	<b>231,264</b>	<b>279,251</b>
Deduct: Provision for Impairment	(84,989)	(90,258)
<b>Net Total</b>	<b>146,275</b>	<b>188,993</b>

## 34. Short Term Creditors

	31 MARCH 2023 £'000	31 MARCH 2024 £'000
Central government bodies	(56,920)	(10,050)
Other local authorities	(1,599)	(477)
NHS bodies	(612)	(1,362)
Public corporations and trading funds	(776)	(1,465)
Other entities and individuals	(96,458)	(133,732)
<b>Total</b>	<b>(156,365)</b>	<b>(147,086)</b>

## 35. Provisions

2023/24	Note 1 Compensation Payments - Equal Pay & VS/ER £'000	Note 2 Property - Asset Management £'000	Note 3 Contractual Obligations £'000	Note 4 IFRS Impairments £'000	Note 5 Other £'000	TOTAL £'000
<b>Balance at 1 April 2023</b>	<b>(3,790)</b>	<b>(245)</b>	<b>(2,991)</b>	<b>(26)</b>	<b>(288)</b>	<b>(7,340)</b>
Additional provisions made in 2023/24	(200)	(269)	(1,106)	0	(2,192)	(3,767)
Amounts used in 2023/24	2,506	164	385	0	204	3,259
Unused amounts reversed in 2023/24	0	0	488	26	0	514
<b>Balance at 31 March 2024</b>	<b>(1,484)</b>	<b>(350)</b>	<b>(3,224)</b>	<b>0</b>	<b>(2,276)</b>	<b>(7,334)</b>
<i>Represented by:</i>						
<b>Current provisions</b>	<b>(1,484)</b>	<b>(300)</b>	<b>(3,224)</b>	<b>0</b>	<b>(2,276)</b>	<b>(7,284)</b>
<b>Long term provisions</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(50)</b>

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**Notes on Provisions**
**1. Compensation Payments – Voluntary Severance/Early Retirement costs- £1.484 million**

This provision is for future severance costs. £2.5 m of this was used in 23/24 and an additional provision of £0.2m has been added for 24/25.

**2. Property-Asset Management - £0.350 million**

Provisions are held for a number of properties leased by the Council against the cost of dilapidations that need to be made good upon the conclusion of existing lease periods. The timing of these provisions being utilised varies with the property. The provision is based upon an annual assessment carried out by the Council's quantity surveyors. While the timing of the outflows is reasonably certain, the final value of the works required is subject to variation.

**4. Contractual Obligations - £4.587 million**

This provision relates to outstanding claims against the Council. These are in relation to legal fees, court cases and compensation cases. It is likely these claims will be settled in 2024/15.

**5. IFRS Impairment - £0 million**

IFRS 9 Financial Instruments recognised that a provision should be made for financial assets held by the Council. These provisions have now been netted off against the relevant long term loan and short term investment.

**6. Other**

- **Customer Digital Provision - £0.031 million**

A provision of 7.5% of the annual value of the laptop rental agreement was established for the end of the original lease agreement (ended September 2023) to deal with any contract end charges that related to unreturned or damaged devices. Final invoices have now been paid and the balance is being held towards similar charges for the current lease agreement.

- **VAT (Furniture Services) - £0.022 million**

Following a review of the VAT status on all the Council's Fees and Charges an error was identified in the furniture leasing scheme operated by the Council's Housing Team. HMRC have been notified and a provision has been created of the estimated value of the outstanding VAT liability. Movement in the provision in 23/24 relates to Interest payments made to HMRC.

- **Factoring Response Repair Fund - £0.042 million**

This provision relates to refunds to be made to private owners for factoring fees. The majority of historic refunds were processed in 23/24 however some more complex accounts have yet to be resolved. Reconciliations of accounts will be carried out on an annual basis by the service going forward.

- **RAAC Provision for Property Costs - £2.180 million**

This provision relates to the decision taken at Urgent Business Committee on 29<sup>th</sup> February 2024 to rehome council tenants residing at the RAAC identified properties to alternative housing. This covers additional staffing costs, specialist consultant fees, contractors costs for access and works, rehoming costs, utilities disconnections/connections and security costs for the wider site, all relating to council tenants.

## 36. Contingent Assets and Liabilities

### Contingent Assets

A contingent asset arises where an event takes place which gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

As at 31 March 2024 the Council had no material contingent assets.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the Council.

At 31 March 2023 the Council had material contingent liabilities as undernoted. An estimate of the contingent liability has been provided where it is practicable to do so.

### Guarantees

- **Transition Extreme Sports Ltd**

The Council has agreed to provide a guarantee to the Bank of Scotland in respect of a maximum overdraft facility of £125,000, as approved at Finance & Resources Committee on 30 January 2024. This guarantee will remain in force until 31 March 2025.

- **Sport Aberdeen**

The Council agreed to provide a bank guarantee to Sport Aberdeen of up to a maximum of £5 million as approved at the 7 June 2016 Finance, Policy and Resources Committee. There is currently a Revolving Credit Facility for £1.4 million in place.

- **External Organisations - Guarantor in relation to North East Scotland Pension Fund (NESPF)**

As the administering authority, the Council may admit a body to the Pension Fund as an 'admitted body' provided (i) the organisation can confirm they have sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest; and (ii) the Scheme employer is prepared to act as guarantor in the event the admitted body should cease to exist. If this situation was to occur and staff made redundant the staff over 50 years old would become entitled to immediate payment of their pension benefits. The Council has agreed several such guarantees to organisations that include Aberdeen Sports Village, Sport Aberdeen, Aberdeen Performing Arts, Aberdeen Heat and Power, Bon Accord Support Services and Bon Accord Care Ltd. The potential values guaranteed are subject to a range of actuarial assumptions.

- **SEEMIS Group LLP**

The Council has agreed to fund any additional pension liability payments arising from its membership of the SEEMIS organisation (the provider of our schools' Management Information System). To date there has been no call on the guarantee.

- **Integration Joint Board (IJB)**

The IJB is responsible for the strategic planning of the functions delegated to it by Aberdeen City Council and NHS Grampian. The Aberdeen City IJB Integration Scheme provides the framework in which the IJB operates including information on funding and what should happen if the IJB is projecting to overspend its budget at the year-end. Whilst steps will be taken to address this (through a Recovery Plan), ultimately the parties to the arrangement may be potentially liable should the IJB overspend.



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## **Contractual**

- **Waste Disposal**

The Council has a long-term contract with an external contractor for the disposal of all relevant waste arising in the City and the operation and maintenance of waste transfer stations, recycling facilities and landfill sites. The contract commenced in September 2000 and is due to run until April 2029.

The fire at Altons East Recycling and Resource Facility on 8 July 2022 has resulted in business continuity plans being implemented and changes made to the processing of some waste streams. There have therefore been a wide range of the implications arising from the events. There will remain contractual matters to be addressed that will take time and the Council continues to work closely with the Contractor and representatives to determine the full extent of those.

The Council is lead partner in a three-authority project with Aberdeenshire and Moray Councils to procure an energy from waste facility which will deal with all residual waste from the three authorities. The contract commenced on 8 August 2019 with the facility now online and will run for 20 years.

### Litigation in connection with the above

There are currently several adjudications regarding performance, delivery and delay of the energy from waste project and sums due under the contract as a result. Parties are too far apart at present to put an exact figure on any liability or quantum.

- **Landfill Allowance Scheme (LAS)**

The Scottish Government had previously introduced a scheme under which Local Authorities were to be penalised for exceeding landfill tonnage targets. The Landfill Allowance Scheme in Scotland is currently suspended, and it is expected that the Waste (Scotland) Regulations 2012 will take over the requirement for the control of landfilling biodegradable municipal waste. However, until such a repeal is formalised there remains a potential liability on the Council.

- **Section 75 agreements**

Section 75 agreements (developer obligations) are frequently sought by the Council in relation to the award of planning permission. The possibility of liabilities arises in cases where the developer is not adhering to the agreed payment schedule and the Council elects to proceed with a project where that developer obligation funding is due. In these cases, unless a resolution can be found with the developer, the Council may be exposed to additional costs due to higher levels of borrowing than originally anticipated to "cashflow" a legally committed project. Costs could apply to the short, medium, or long-term depending on the circumstances.

The Council's Risk Board agreed that the Developer Obligations working group would escalate to Corporate Management Team any developers who fall behind on payments, and where necessary this will be reported to Finance & Resources Committee. This is a risk which may crystallize in the current housing market conditions due to high supply costs and reduced supply of labour.

The inherent risk with all developer obligation funded projects is whether the build rate of the development is triggering financial contributions at the rate required to fund the Council projects involved. Where the Council project advances more quickly than the development, the Council may have to step in to "cashflow" the necessary funding requirement. Where a project has not been legally committed, a failure to receive the supporting developer obligation funding may require a discussion to determine whether the project should be paused, or even stopped completely. More detailed monitoring is therefore required by the Planning service to forecast expected build rates on developments and map out the timelines of expected trigger points for release of funding.

- **Impact of Covid on Working Practices, Social Distancing and the Capital Programmes**

All restrictions that were in place for the Covid-19 pandemic have now been lifted, and although the virus continues to circulate it no longer presents the health risk that previously existed. However, the consequences of the pandemic have been far reaching and recovery has been slow. The Council has prepared its 2024/25 budget to include taking cognisance of external environments, which could have an adverse impact on the price of commodities. There remains the possibility that further costs may arise that were not previously identified.

The emergence of Covid resulted in new working practice guidelines being issued by the Scottish Government, to set new standards to allow consultants, contractors, sub-contractors and their suppliers to work safely during the pandemic. These unforeseen changes resulted in the construction industry incurring additional costs for compliance with the risk of delays to projects. These measures also restricted numbers of staff on site which slowed down progress on works. These impacts have manifested in projects which were on site at the time of the initial lockdown, and discussions between the Council and the relevant contractors are on-going to determine liability for additional costs. It is noted that this impact is now constrained to a small number of large projects where the construction period extended over a number of years.

The Council are also aware that the construction industry is experiencing shortage of products, raw materials, staffing and logistical support which is impacting on current and future costs across the UK. Ordering lead times are extending across the sector with the risk of increased delay impacts to projects. Advance order of materials continues to be a project mitigation strategy where it can be applied.

There is evidence of a contraction in the construction industry particularly in terms of small to medium sized suppliers. The Russian invasion of Ukraine and resulting economic sanctions placed on Russia and Belarus has further exacerbated supply chain issues for some commodities e.g. bituminous materials, steel etc. which were sourced from eastern Europe. Now there is added risk of escalation in the Middle East due to the Palestine/Israel conflict.

Taken altogether, this had manifested as the highest level of cost inflation experienced for around 30 years, though there are signs the inflation rate was starting to stabilise by the summer of 2023 and has continued to do so. This volatility has created new risks around capital projects which continue to be present to the current day. A review of project timeline delivery and financial viability for programmes/projects is an ongoing task whereby any significant programme/project impacts continue to be updated through updates to the appropriate committee.

- **Reinforced Autoclaved Aerated Concrete (RAAC)**

Following a published update regarding the risk of failure with Reinforced Autoclaved Aerated Concrete (RAAC) Planks, the Council initially carried out and completed its review of its public buildings where the presence of RAAC has been identified. RAAC was found in a small number of them, and mitigation is now in place.

Similarly, as reported previously a programme of work was conducted across the whole Council housing stock and this work is now complete. The outcome of this review across the whole housing stock has resulted in the identification of a housing type with RAAC, located to the south of the city in the Balnagask area.

The outcome of the above has been reported to Council and an options appraisal for the affected housing at Balnagask is now underway. This appraisal will consider mitigation options such as remedial works or demolition. At this stage of the appraisal work, it is not known what the recommended option will be. However, whatever option is eventually recommended, it is expected to result in future financial liability to both the General Fund and the Housing Revenue Account.

- **Scottish Child Abuse Enquiry**

The Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 ("the Act") received Royal Assent on 23 April 2021. Scotland's Redress Scheme opened on 8 December 2021. Survivors, as an alternative to civil litigation, may choose to apply for redress. Local Authorities, as a Local Government's sector, pay financial contributions towards the redress scheme and this has now been agreed as part of the Local Government Settlement and will be applied for the next 10 years.

Civil Litigation claims are still being received by the Council, both as lead authority for the former Grampian Regional Council and Aberdeen District Council as well as claims solely against Aberdeen City Council. Any uninsured claims or associated costs in respect of Aberdeen District Council or Aberdeen City Council will require to be met by Aberdeen City Council. The costs of these are unquantifiable at this time but will give rise to a future financial liability.

## 37. Grant Income

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

<u>Grant Income</u>				
			<b>2022/23</b>	<b>2023/24</b>
			<b>£'000</b>	<b>£'000</b>
<b>Credited to Taxation and Non Specific Grant Income</b>				
Total revenue Funding Grant			390,012 *	424,275
			<b>390,012</b>	<b>424,275</b>
* 2022/23 Rate Support Grant restated due to audit adjustment.				

		2022/23	2023/24
		£'000	£'000
<b>Credited to Services</b>			
	Department of Work and Pensions		
	Housing Benefit Grant	36,360	35,446
	Housing Benefit Admin Grant	616	586
	Discretionary Housing Payment	(481)	-
	National Health Service		
	Integrated care funding	46,012	37,869
	Other	4	4
	Other Local Authorities		
	Western Peripheral Route Works	1,528	2,049
	Scottish Government		
	ELC Expansion	22,167	19,935
	S27 Community Justice Grant	5,666	5,925
	Pupil Equity Fund	3,308	3,446
	Scotland's Schools for the Future Design, Build, Finance, Maintain Projects (Lochside Academy)	2,737	2,734
	HEEPS - Home Insulation	967	1,424
	No-One-Left Behind / Long term unemployed	-	1,246
	Mental Health & Wellbeing Framework	585	577
	Parental Employability Support	266	550
	Under 5's Healthy Snack & Milk	539	534
	Employability Funding	1,217	500
	Young Person's Guarantee	834	488
	Strategic Equity Fund	443	472
	Ukrainian Refugee Education	1,936	391
	Attainment Challenge	308	396
	Pay Award Funding	-	350
	Electric Vehicles	18	250
	Ukrainian Welcome Hub	915	245
	Education Maintenance	330	242
	NE Economic Recovery & Skills	1,554	-
	Afghan Refugee Education	421	-
	COVID Grant Admin	343	-
	COVID Hardship Funding	1	-
	COVID Funding - Other	(47)	-
	<b>Balance to Carry Forward</b>	<b>128,545</b>	<b>115,658</b>

		2022/23		2023/24
		£'000		£'000
<b>Balance Brought Forward</b>		<b>128,545</b>		<b>115,658</b>
	Other	1,723		831
	European Funding			
	Jive Hydrogen Bus	2,294		-
	HECTOR Waste Vehicle	320		60
	Other	(48)	*	(45)
	UK Government			
	Ukrainian Integration Support	14,784	**	786
	Ukrainian Sponsorship	-		417
	Shared Prosperity Fund	-		374
	Afghan Bridging Accommodation	1,458	**	279
	Other	25	**	282
	Home Office			
	Unaccompanied Asylum Seeking Children	243		779
	Other	39	***	-
	National Institute for Health & Care	57		738
	Sport Scotland	507		650
	Transport Scotland			
	Western Peripheral Route Works	42,617		40735
	Other			40
	Other	768	****	573
<b>Total</b>		<b>193,332</b>		<b>162,156</b>
				<b>586,431</b>
* 2022/23 'European Funding Other' has been restated as Hytrec not listed separately in 23/24.				
** 2022/23 'UK Government' has been restated as was listed under "Home Office" in error.				
*** 2022/23 'Home Office Funding Other' has been restated as Unaccompanied Asylum Seeking Children has been identified separately in 23/24.				
**** 2022/23 'Other' has been restated to include Creative Scotland and National Institute for Health & Care has been identified separately in 23/24.				

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue Grants - Receipts in Advance</b>		
Creative Scotland - Place Partnership	0	96
EU - HECTOR	0	167
EU - Hytrec	0	863
EU - Pedelecs H2 Bikes	0	47
Food Standard Scotland Grant	50	0
Home Office UASYP	56	56
NHS Alcohol & Drug Funding	155	0
Scottish Government - Air Quality Control	0	59
Scottish Government - Bairn's Hoose	0	15
Scottish Government - Care Experienced & Young People	738	606
Scottish Government - Covid Recovery	0	7
Scottish Government - Delivery Equally Safe	96	70
Scottish Government - Employability/YPG	501	0
Scottish Government - Energy Bill Support	1090	0
Scottish Government - Green Growth Accelerator	95	95
Scottish Government - Library Improvement Fund	24	16
Scottish Government - No One Left Behind	0	26
Scottish Government - PEF Funding	1018	4
Scottish Government - Road Assessment/Parking Prohibitions	159	70
Scottish Government - Skills Fund	97	97
Scottish Government - Travelling People	57	0
UK Government - H2 Twin Cities	0	20
UK Government - UK Shared Prosperity Fund	0	2548
Other - Various	99	82
<b>Total</b>	<b>4,235</b>	<b>4,944</b>
<b>Capital Grant - Receipts in Advance</b>		
Cycling Scotland - Cycle Lockers	0	120
Scottish Government Denburn Restoration	0	6
Scottish Government Low Emissions Zone	0	170
Scottish Government Place Based Funding	493	193
<b>Total</b>	<b>493</b>	<b>489</b>

## 38. Financial Instruments

*Categories of Financial Instruments*

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

Financial Instruments Balances	Long term		Current	
	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
<b>Investments</b>				
Loans and receivables	0		11,588	10,035
Interest in group entities	28,219	32,453	0	
<b>Total investments</b>	<b>28,219</b>	<b>32,453</b>	<b>11,588</b>	<b>10,035</b>
<b>Debtors</b>				
Loans and receivables	498	457	0	
Financial assets carried at contract amount	0		146,275	188,993
<b>Total debtors</b>	<b>498</b>	<b>457</b>	<b>146,275</b>	<b>188,993</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	(1,064,341)	(1,146,348)	(306,405)	(409,806)
<b>Total borrowings</b>	<b>(1,064,341)</b>	<b>(1,146,348)</b>	<b>(306,405)</b>	<b>(409,806)</b>
<b>Other Long term Liabilities</b>				
PPP liabilities	(120,706)	(116,398)	(5,332)	(4,308)
<b>Total other long term liabilities</b>	<b>(120,706)</b>	<b>(116,398)</b>	<b>(5,332)</b>	<b>(4,308)</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount	0	0	(156,365)	(147,086)
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>(156,365)</b>	<b>(147,086)</b>

Note:

The Scottish Government issued a financial flexibility that allowed the deferral of the debt repayment instalment for one year. The Council has taken up this option for 2022/23 and deferred the 2022/23 debt instalment of £9.2m. This will be repaid over the next 20 years at a rate of £0.46m per annum.

Borrowings, Financial Liabilities at Amortised Cost. The Council undertook a £370 million Bond Issuance in 2016, receiving a premium of £44 million. This is reflected in the table above. Lenders Option/Borrowers Option (LOBO's) of £43.9m have been included in long-term borrowing but have a call date in the next 12 months.

**Income, Expense, Gains and Losses**

Financial Instruments Gains/(Losses)	2022/23			2023/24		
	Financial Liabilities	Financial Assets	Total	Financial Liabilities	Financial Assets	Total
	Measured at amortised cost £'000	Loans and receivables £'000	£'000	Measured at amortised cost £'000	Loans and receivables £'000	£'000
Interest expense	(60,374)	0	(60,374)	(74,194)		(74,194)
<b>Total expense in Surplus or (Deficit) on the Provision of Services</b>	<b>(60,374)</b>	<b>0</b>	<b>(60,374)</b>	<b>(74,194)</b>	<b>0</b>	<b>(74,194)</b>
Interest income	0	5,188	5,188		7,462	7,462
<b>Total income in Surplus or (Deficit) on the Provision of Services</b>	<b>0</b>	<b>5,188</b>	<b>5,188</b>	<b>0</b>	<b>7,462</b>	<b>7,462</b>
<b>Net Interest</b>	<b>(60,374)</b>	<b>5,188</b>	<b>(55,186)</b>	<b>(74,194)</b>	<b>7,462</b>	<b>(66,732)</b>

With the introduction of IFRS 9 on 1 April 2018 the Council now classifies its Financial Assets according to the business model to which they relate and conducts an annual impairment review to ensure impairments are made to financial assets, if required.

Loans and Receivables includes short term investments and long-term loans. These are classified as Amortised Cost as they are held solely for the purposes of repayment of principal and interest. The interest in group entities and is now classified as Fair Value through Profit and Loss. Any annual fluctuations in the value of this category will be credited/debited to the Comprehensive Income and Expenditure Statement.

The impairment allowance for short-term investments is very low as these investments are made with financial institutions with high credit ratings per the Council's Treasury Strategy and are therefore considered to be at very low risk of default. Several of the Council's long-term loans are protected standard securities or guarantees and so are not assessed for impairment. An impairment considered appropriate for the remaining loans has been calculated.

Financial Instrument	2022/23				2023/24			
	Classification		Treatment		Classification		Treatment	
	Amortised Cost	Fair Value through Profit and Loss	Total Impairment Allowance	Adjustment through Profit and Loss	Amortised Cost	Fair Value through Profit and Loss	Total Impairment Allowance	Adjustment through Profit and Loss
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loans and Receivables	53,891		1,388		38,910		117	
Interest in Group Entity		26,719		(11,216)		27,720		(4,234)



## Fair Values of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2024 of 1.57% to 8.625% for loans from the PWLB and 3.98% to 5.00% for other loans receivable and payable, based both on both a new loan rate basis and a fair value basis at that date.
- no early repayment is recognised.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Fair Value of Liabilities	31 March 2023					31 March 2024				
	Principal Outstanding £'000	Accrued Interest £'000	Carrying Amount £'000	Fair Value (Premature Repayment) £'000	Fair Value (New Loan Rates) £'000	Principal Outstanding £'000	Accrued Interest £'000	Carrying Amount £'000	Fair Value (Premature Repayment) £'000	Fair Value (New Loan Rates) £'000
PWLB – maturity	(529,434)	(7,247)	(536,681)	(531,310)	(447,903)	(609,434)	(7,822)	(617,256)	(558,911)	(484,732)
LOBOs	(93,893)	(704)	(94,597)	(101,680)	(93,849)	(93,893)	(716)	(94,609)	(105,315)	(85,728)
Bond Issuance	(331,590)	(1,244)	(332,834)	(333,442)	(322,076)	(321,053)	(1,415)	(322,468)	(307,407)	(300,338)
Bond EIR	(80,894)	0	(80,894)	(80,894)	(80,894)	(94,644)	0	(94,644)	(94,644)	(94,644)
Bond Premium	(36,302)	0	(36,302)	(36,302)	(36,302)	(35,147)	0	(35,147)	(35,147)	(35,147)
Transfer Interest to Short Term in line with Code requirements	0	9,195	9,195	0	0		9,953	9,953		
Transfer borrowing repayable with 12 months to Short Term in line with Code requirements			10,527	0	0			10,549		
Financial Instrument Adjustments			(2,755)	0	0			(2,727)		
<b>Total Long Term Borrowing</b>	<b>(1,072,113)</b>	<b>0</b>	<b>(1,064,341)</b>	<b>(1,083,628)</b>	<b>(981,024)</b>	<b>(1,154,170)</b>	<b>0</b>	<b>(1,146,348)</b>	<b>(1,101,424)</b>	<b>(1,000,589)</b>
Short term borrowing	(285,369)	(2,573)	(287,942)	(287,942)	(287,942)	(357,377)	(6,012)	(363,389)	(363,389)	(363,389)
Loans Fund External Balances	0	0	0	0	0		(23,709)	(23,709)		
Transfer Interest from Long Term in line with Code requirements	0	(7,951)	(7,951)	0	0		(12,159)	(12,159)		
Transfer borrowing repayable with 12 months from Long Term in line with Code requirements			(10,512)	0	0			(10,549)		
<b>Total Short Term Borrowing</b>	<b>(285,369)</b>	<b>(10,524)</b>	<b>(306,405)</b>	<b>(287,942)</b>	<b>(287,942)</b>	<b>(357,377)</b>	<b>(41,880)</b>	<b>(409,806)</b>	<b>(363,389)</b>	<b>(363,389)</b>

From 2015/16, the Fair Value of borrowings is shown at both Premature Repayment rates and New Loan rates. In prior years, the Fair Value of borrowings had been shown only on a New Loans rates basis.

Fair Value of Assets	31 March 2023				31 March 2024			
	Principal Outstanding £'000	Accrued Interest £'000	Carrying Amount £'000	Fair Value £'000	Principal Outstanding £'000	Accrued Interest £'000	Carrying Amount £'000	Fair Value £'000
Deposits with banks/building societies	53,800	91	53,891	53,891	38,350	55	38,405	38,405

The above deposits are shown within Cash and Cash Equivalents and Short-Term Investments in the Balance Sheet.

### 39. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments; and
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in its annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### **Credit risk**

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the Council's Treasury Advisers. The Annual Investment Strategy also imposes a maximum sum of £30 million to be invested with a financial institution located within the highest category for a maximum duration of 12 months.

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £53.8m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

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

<b>Credit Risk A</b>					
<b>Estimated maximum exposure at 31 March 2023 £'000</b>		<b>Amount at 31 March 2024 £'000</b>	<b>Historical experience of default %</b>	<b>Historical experience adjusted for market conditions at 31 March 2024 %</b>	<b>Estimated maximum exposure to default and uncollectability at 31 March 2024 £'000</b>
		A	B	C	(A x C)
53,891	Deposits with banks and building societies	38,405	0	0	0
55,286	Customers	53,497	2.51%	2.51%	1,343
<b>109,177</b>					<b>1,343</b>

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds. The Council does not generally allow credit for customers, however £53.5m is past its due date for payment. The past due amount can be analysed by age as follows:

<b>Credit Risk B</b>	<b>31 March 2023 £'000</b>	<b>31 March 2024 £'000</b>
Less than three months	17,025	13,577
Three to six months	3,453	1,610
Six months to one year	3,255	2,697
More than one year	31,553	35,613
	<b>55,286</b>	<b>53,497</b>

### **Liquidity risk**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that no more than 20% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Less than one year	310,517	407,533
Between one and two years	10,549	10,560
Between two and five years	31,716	41,750
Between five and ten years	63,095	133,150
More than ten years	839,019	828,371
	<b>1,254,896</b>	<b>1,421,364</b>

In the "More than 10 years" category in the table above there are £25.9 million of LOBOs which have a call date in the next 12 months. All trade and other payables are due to be paid in less than one year.

### **Market risk**

#### Interest rate risk

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

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

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

£321.1 million of the Council's borrowings are in the form of a bond which is index-linked to RPI. The amount of principal and interest to be paid is therefore dependent on changes in RPI. For example, a 1% increase to the average interest rate, compared to the prevailing rate would result in an annual increase of £2.6 million in amounts repayable.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

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

According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>£'000</b>
Increase in interest payable on variable rate borrowings	439
Increase in interest receivable on variable rate investments	(569)
Impact on Surplus or Deficit on the Provision of Services	<b>(130)</b>
Share of overall impact debited to the HRA	<b>(35)</b>
Decrease in fair value of fixed rate borrowings liabilities due to a 1% rise in discount rates (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	<b>105,162</b>
Decrease in fair value of fixed rate investment assets (no impact on I&E account or STRGL)	

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

#### Benchmark rate risk

Recent changes/moves from the industry recognised LIBOR benchmark rate to the SONIA rate, had no impact on the Council. The Council has no exposure to LIBOR/SONIA rates through loan agreements etc.

The Council's Bond features indexation which follows increases in the Retail Prices Index. There are no known plans for this benchmark rate to be abolished. In the event of this occurring, there is a process set out in the Bond legal agreements for selecting a replacement benchmark rate.

#### Foreign exchange risk

The Council operates a Bank Account denominated in Euros but has no exposure to loss arising from movements in exchange rates.

**Note 40 – Restatement of the Comprehensive Income & Expenditure Statement (CIES)****Internal Recharges**

The CIES has been restated to reflect changes that were made to the Council's internal recharges during 2022/23. These amendments are detailed below: -

*Restatement of internal recharges*

- HRA – elimination of internal recharges has been moved to building services
- Building Services – HRA recharges have been eliminated from building services

The table below reconciles the service income & expenditure for those Clusters in the Comprehensive Income & Expenditure Account that were affected by this restatement: -

	<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net Expenditure</b>
	£	£	£
<b>HRA - audited CIES 2022/23</b>	103,937	(97,979)	5,958
Add back: Elimination of internal recharges	72,434	(9,736)	62,698
<b>Restated prior year amounts in 2022/23 CIES</b>	176,371	(107,715)	68,656
<b>Financing and Investment Income and Expenditure (Building Services) - audited CIES 2022/23</b>	124,662	(28,541)	96,121
Less: Elimination of internal recharges	(72,433)	9,735	(62,698)
<b>Restated prior year amounts in 2022/23 CIES</b>	52,229	(18,806)	33,423

## Loans Fund

The Loans Fund is the central financing agency of the Council. It is an accounting arrangement which simplifies on the one hand expenditure on various capital projects and, on the other hand, the borrowing of money to finance such projects. Effectively the Council's services borrow from the Loans Fund to finance their capital expenditure and the Loans Fund in turn borrows from the Government through the Public Works Loan Board or from the London Money Market. At the end of each financial year the capital expenditure incurred by services is added to their prior year's expenditure to reflect the total debt owed by each service to the Loans Fund.

Each year the service's accounts repay a proportion of the sums previously borrowed, based on the life of the asset, along with a share of the interest paid on loans and expenses of managing the Loans Fund. All interest and management expenses are initially paid by the Loans Fund and then recharged to service accounts at an average rate which is sufficient to recover each year's expenditure in full. For 2023/24, the average interest rates were 3.84% for capital (2022/23, 3.49%), 4.98% for revenue advances (2022/23, 2.27%) and 0.03% for expenses (2022/23, 0.02%) on raising loans.

The management of all money and capital market transactions in connection with cash and funding resources for the Council has been carried out in accordance with the Council's Treasury Policy Statement as recommended by the CIPFA Code of Practice for Treasury Management in Local Authorities.

### Amounts Borrowed from the Loans Fund

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
General Fund	413,355	538,587	667,392	804,437	912,588	939,559	1,008,826	1,085,573	1,100,117
Trading Operations	20,486	19,207	15,107	13,083	14,621	14,678	16,071	16,831	16,443
Housing Revenue Account	193,692	189,118	187,479	202,165	220,468	198,172	248,946	321,822	411,503

Loans Fund Revenue Account			Loans Fund Balance Sheet as at 31 March		
2022/23 £'000		2023/24 £'000	2022/23 £'000		2023/24 £'000
	<b>Expenditure</b>			<b>Assets</b>	
44,514	Interest paid to External Bodies	57,789		Advances to:	
4,128	Interest paid to Other Council Accounts	2,555	1,424,226	Aberdeen City Council for Capital Expenditure	110,021
300	General Expenses	470	2	Other Bodies	0
<b>48,942</b>		<b>60,814</b>	11,231	Rescheduled Premiums	(398)
	<b>Income</b>		1,435,459		109,623
	Interest & Expenses charged to Aberdeen City Council			<b>Current Assets</b>	
(36,885)	General Fund	(42,940)	53,800	Temporary Investments	38,350
(9,824)	Housing Revenue Account	(13,996)	91	Sundry Debtors	55
(594)	Trading Operations	(661)	3,235	Bank	(1,277)
(1,639)	From Temporary Investments	(3,217)	1,492,585		146,751
<b>(48,942)</b>		<b>(60,814)</b>		<b>Less: Current Liabilities</b>	
			142,988	Temporary Advances from Council Services	(1,379,136)
			10,498	Sundry Creditors	14,337
			153,486		(1,364,799)
			<b>1,339,099</b>	<b>Net Assets</b>	<b>1,511,550</b>
				<b>Financed by:</b>	
			(529,434)	Public Works Loan Board	(609,434)
			(93,893)	Market Loans	(93,893)
			(331,590)	Negotiable Bonds	(321,053)
			(36,301)	Bond Premium	(35,147)
			(80,893)	Bond EIR	(94,644)
			(2)	Stock Issue & Gas Annuities	(2)
			(266,986)	Temporary Loans	(357,377)
			<b>(1,339,099)</b>		<b>(1,511,550)</b>

The unaudited financial statements were issued on 9 May 2024 by Jonathan Belford, Section 95 Officer.

Jonathan Belford, CPFA  
Chief Officer – Finance



**Housing Revenue Account**

*This represents the statutory requirement to account for local authority housing provision as defined in the Housing (Scotland) Act 1987.*

**Housing Revenue Account Income and Expenditure Statement**

2022/23		2023/24	
		£'000	£'000
	<b>Income</b>		
(91,920)	Dwelling Rents	(97,369)	
(1,946)	Non Dwelling Rents	(2,689)	
(2,184)	Other Income	(3,394)	
<b>(96,050)</b>			<b>(103,452)</b>
	<b>Expenditure</b>		
1,188	Staff Costs	8,582	
1,188			8,582
	<b>Premises Costs:</b>		
36,193	Repairs and Maintenance	43,854	
3,572	Maintenance of amenity areas	3,883	
3,366	Bad debts written off/provisions	3,277	
6,044	Loss of rent vacant periods	8,696	
3,347	Other costs	4,347	
<b>52,522</b>			<b>64,057</b>
	<b>Administration Costs:</b>		
13,655	Management and Administration	7,433	
841	Other Costs	1,026	
<b>14,496</b>			<b>8,459</b>
	<b>Supplies and Services:</b>		
5,980	Communal Lighting and Heating, etc	6,823	
279	Information Technology	236	
268	Other Costs	289	
<b>6,527</b>			<b>7,348</b>

2022/23 £'000		2023/24	
		£'000	£'000
	<b>Agencies:</b>		
171	Contributions	138	
337	Tenant's Participation/Helplines	266	
<b>508</b>			<b>404</b>
	<b>Capital Charges:</b>		
35,213	Depreciation	40,388	
54,054	Impairment of Non Current Assets	20,678	
89,267			<b>61,066</b>
<b>164,508</b>	<b>Gross Expenditure</b>		<b>149,916</b>
	<b>Net Cost of HRA Services per Council's</b>		
68,458	<b>Comprehensive Income and Expenditure Statement</b>		46,464
199	Corporate and Democratic Core	257	
			257
68,657	Net Cost of HRA Services		<b>46,721</b>
370	(Gain)/Loss on Sale of HRA Non Current Assets	364	
9,824	Interest payable and similar charges	13,994	
(840)	Interest and investment income	(170)	
69	Pensions interest and return on assets	(472)	
(34,462)	Non Specific Grant Income/Contributions (Affordable Housing Contribution for Council Tax	(17,179)	
43,618	<b>(Surplus)/deficit for the year on HRA Services</b>		<b>43,258</b>

**Movement on the Housing Revenue Account Statement**

<b>2022/23</b> <b>£'000</b>		<b>2023/24</b> <b>£'000</b>
0	Transfer to/(from) the General Fund	0
<b>0</b>	<b>Total</b>	<b>0</b>

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

<b>2022/23</b> <b>£'000</b>	<b>Notes</b>	<b>2023/24</b> <b>£'000</b>
265	Gain or (loss) on sale of HRA non-current assets	129
5,596	Capital expenditure funded by the HRA	0
(636)	Transfer to/from the Capital Adjustment Account	(494)
(89,267)	Depreciation and Impairment	(61,066)
34,462	Capital Grants and Contributions	17,179
2,104	Repayment of Debt	2,449
(998)	HRA share of contributions to or from the Pensions Reserve	93
4	Adjustment involving the Accumulated Absences Account	(24)
2		1
<b>(48,468)</b>		<b>(41,732)</b>

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

<b>2022/23</b> <b>£'000</b>	<b>Notes</b>	<b>2023/24</b> <b>£'000</b>
(15,215)	Balance on HRA at start of the year	(15,715)
43,618	(Surplus) or deficit for the year on HRA Income & expenditure statement	43,258
<b>(48,468)</b>	<b>Adjustments between Accounting Basis and Funding Basis under statute</b>	<b>(41,732)</b>
(4,850)	Net (Increase)/Decrease before transfers to/(from) Reserves	1,525
4,350	Transfers to/(from) Reserves	0
(500)		1,525
<b>(15,715)</b>	<b>(Increase) or Decrease in year on HRA</b>	<b>(14,190)</b>

### 3. Housing Stock

The Council's housing stock at 31 March 2024 was 23,258 (22,772 at 31 March 2023) in the following categories:

<b>2022/23</b>		<b>2023/24</b>	
<b>Number</b>		<b>Number</b>	
	<b>Type of Property</b>		
1,983	Sheltered Property	1,981	
4,177	Cottage	4,243	
9,607	Flat	9,911	
2,103	Four in Block	2,161	
571	Masionette	572	
2,228	Multi Storey Flat	2,237	
127	Split Level Flat	130	
443	Multi Storey Maisonette	445	
1,533	Amenity	1,578	
<b>22,772</b>	<b>Total</b>	<b>23,258</b>	*
	* Includes 444 for Homeless, 500 Ukrainian		
	& 163 off the charge		
	<b>Other Assets</b>		
1	Hostel	1	
237	Garage Sites	241	
2,025	Lock Up Garages	2,023	
906	Parking Spaces	907	
17	Travelling Peoples Sites	21	
<b>3,186</b>		<b>3,193</b>	

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**4. Rent Arrears**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
11,995	Current Tenant Arrears	12,552
5,644	Former Tenant Arrears	7,114
<b>17,639</b>	<b>Total Rent Arrears</b>	<b>19,666</b>

**5. Impairment of Debtors**

In 2023/24 an impairment of £18,410,000 has been provided in the Balance Sheet for irrecoverable rents, an increase of £1,874,000 from the provision in 2022/23.

**National Non-Domestic Rates**

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

Occupiers of non-domestic property continue to pay rates based on the valuation of the property as compiled by the Grampian Valuation Joint Board. The non-domestic rate (NDR) poundage for 2023/24, which is set annually by the Scottish Ministers, is 49.8 pence. Two additional rates are levied on properties with a rateable value of over £51,000 (51.1 pence) and £100,000 (52.4 pence) respectively. In 2022/23, the NDR poundage rate was set at 49.8 pence and properties with a rateable value between £51,000 and £95,000 were charged an additional supplement of 51.1 pence and 52.4 pence respectively. The table below details the actual levels of NNDR billed by Aberdeen City Council, and the amount that the Council is entitled to receive under the National Pooling arrangement.

<b>2022/23</b>		<b>2023/24</b>	
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>(298,359)</b>	<b>Gross Rates Levied and Contributions in Lieu</b>		<b>(249,170)</b>
	<i>Deduct:</i>		
47,956	Reliefs, remissions, etc.	34,845	
	Payment of Interest		
15,513	Write off of uncollectable debts and allowances for impairment	0	34,845
<b>(234,890)</b>	<b>Net Non Domestic Rate Income</b>		<b>(214,325)</b>
4,042	Adjustment to previous years' National Non Domestic Rates		12,414
<b>(230,848)</b>	<b>Contribution to Non Domestic Rate Pool</b>		<b>(201,910)</b>
<b>(268,557)</b>	<b>Distribution from Non Domestic Rate Pool</b>		<b>(257,797)</b>
	<i>Add:</i>		
0	Agency Payments		201,911
	<i>Less:</i>		
405	Charity Relief adjustment		418
<b>(268,152)</b>	<b>Income credited to the Comprehensive Income and Expenditure Statement *</b>		<b>(55,468)</b>

\* The figure for 2023/24 assumes that no excess will be retained by the Council for exceeding the Business Rates Incentivisation Scheme (BRIS) target in 2023/24.

<b>Category</b>	<b>Number of Subjects</b>	<b>Rateable Value at 1 April 2024 £'000</b>
Shops	2,191	83,147
Public Houses	155	8,577
Offices Including Banks	3,009	131,726
Hotels etc.	127	15,508
Industrial Factories, Warehouses, Stores	1,952	116,620
Leisure Entertainment, Caravans, Hol.Sites	364	20,904
Garages and Petrol Stations	191	4,300
Cultural	14	1,360
Sporting Subjects	98	1,529
Education & Training	160	34,782
Public Service Subjects	200	18,545
Communications (non Formula)	32	2,029
Quarries, Mines etc	8	221
Petrochemical	2	872
Religious	142	3,833
Health Medical	133	13,901
Other	941	11,080
Care Facilities	119	6,263
Advertising	81	535
Undertaking	22	9,758
<b>Total Non Domestic Rates Subjects</b>	<b>9,941</b>	<b>485,490</b>

## Council Tax

Local authorities raise taxes from its residents through the Council Tax which is a property tax linked to property values. Each dwelling in Aberdeen City is placed into one of eight valuation bands (A to H), as determined by Grampian Valuation Joint Board. The Council determines the annual tax for a band D property and all other properties are charged a proportion of this, with lower valued properties (Bands A to C) paying less, and higher valued properties (E to H) paying more. All domestic dwellings that appear on the valuation list are liable for the tax, but in some circumstances, for example single occupancy, discounts can apply, and some dwellings, for instance students' residences and certain unoccupied dwellings, are exempt.

In 2023/24, for Band D properties, the Council's Council Tax was set at £1,489.55. The full range of bandings is set out after the Council Tax Income Account.

## Council Tax Income Account

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
181,015	Gross Assessments	191,596
549	Net band adjustments	980
<b>181,564</b>	<b>Council Tax Collectable</b>	<b>192,576</b>
	Deduct:	
16,158	Exemptions	15,564
95	Disabled relief	97
17,179	Discounts	18,208
5,650	Provision for non-collection	7,157
11,541	Council Tax Reduction	12,326
59	Other	70
<b>130,884</b>		<b>139,153</b>
	Add:	
1,427	Statutory Additions	1,716
860	Prior Year Adjustments	648
	Council Tax For LT Empty Homes	(1,983)
(32)	Write Offs	(43)
<b>133,138</b>	<b>Net Council Tax Income Transferred to General Fund for the Year</b>	<b>139,493</b>



## The calculation of the Council Tax Base 2023/24:

Dwellings on Valuation List	Number of Dwellings	Number of Exemptions	Disabled Relief	Discounts(25%)	Discounts(50%)	Total Dwellings atio to Band	Band D Equivalent
Band A (Subject to disabled Relief)			(4)			(4) 200/360	1
Band A	24,679	(4,676)	(24)	(3,117)	(1,112)	15,751 240/360	10,481
Band B	28,838	(2,334)	(27)	(3,631)	(785)	22,061 280/360	16,830
Band C	20,164	(1,310)	(27)	(2,064)	(361)	16,403 320/360	14,334
Band D	17,290	(1,778)	(41)	(1,704)	(407)	13,361 360/360	12,799
Band E	15,519	(500)	(34)	(1,281)	(266)	13,439 473/360	17,270
Band F	9,211	(157)	(33)	(564)	(117)	8,341 585/360	13,307
band G	8,266	(108)	(3)	(366)	(90)	7,700 705/360	14,517
Band H	1,143	(18)	0	(34)	(26)	1,065 882/360	2,504
						<b>Total</b>	<b>102,043</b>
						Council Tax Reduction	(12,326)
						Contribution en lieu	12
						Prov for Bad Debts (2.5%)	(2,551)
						<b>Council Tax Base</b>	<b>87,178</b>

All dwellings fall within a valuation band between A to H which is determined by Grampian Valuation Joint Board. The Council Tax charge is calculated using the Council Tax Base i.e. Band D equivalents. This value is then increased or decreased depending on the band. Based on the Council Tax base available to Aberdeen City Council, the band D charge for 2023/24 was £1489.55 (2022/23, £1,418.62)

£ Property Value	Band	Proportion of Band D	Council Tax Level
27,000 or under	<b>A</b>	240/360	£993.03
27,001 - 35,000	<b>B</b>	280/360	£1,158.54
35,001 - 45,000	<b>C</b>	320/360	£1,324.04
45,001 - 58,000	<b>D</b>	360/360	£1,489.55
58,001 - 80,000	<b>E</b>	473/360	£1,957.10
80,001 - 106,000	<b>F</b>	585/360	£2,420.52
106,001 - 212,000	<b>G</b>	705/360	£2,917.04
Over 212,000	<b>H</b>	882/360	£3,649.40

### Common Good Fund

The Common Good stands separate from other accounts and funds of the Council and could be said to originate in the grant of freedom lands by King Robert the Bruce in 1319. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. It is invested in land and buildings, such as industrial estates and farms, with any surplus being placed on cash deposit with other local authorities, building societies and the Council's Loans Fund.

### Movement in Reserves Statement

	Common Good Fund £'000	Reserves Fund £'000	Total Common Good £'000
<b>Balance at 31 March 2022</b>	<b>(127,705)</b>	<b>(68)</b>	<b>(127,773)</b>
<b>Movement in Reserves during 2022/23</b>			
(Surplus) or Deficit on provision of services	1,237	0	1,237
(Surplus) or Deficit on revaluation of investment property	6,908	0	6,908
<b>Total Comprehensive Expenditure and Income</b>	<b>8,145</b>	<b>0</b>	<b>8,145</b>
<b>Balance at 31 March 2023</b>	<b>(119,560)</b>	<b>(68)</b>	<b>(119,628)</b>
<b>Movement in Reserves during 2023/24</b>			
(Surplus) or Deficit on provision of services	(4,805)	0	(4,805)
(Surplus) or Deficit on revaluation of investment property	6,256	0	6,256
<b>Total Comprehensive Expenditure and Income</b>	<b>1,451</b>	<b>0</b>	<b>1,451</b>
<b>Balance at 31 March 2024</b>	<b>(118,109)</b>	<b>(68)</b>	<b>(118,177)</b>

During 2021-22, in the face of severely diminishing credit interest returns, a decision was taken to invest £30m of Common Good cash in a Multi-Asset Income fund, to generate more income for the fund and the decision was taken to proceed with Fidelity International's Multi-Asset Income fund. The first tranche of £10m was invested on 28th July 21, and the second tranche was made on mid-August. A third investment of £10m was made in mid-September. The fund has yielded steady growth since the investment started, earning some £3.2 million to date at an average rate of 4.71%.

## Comprehensive Income and Expenditure Statement

2022/23 Net (Income) Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	2023/24 Net (Income) Expenditure £'000
850 Grants & Contributions to External Organisations	742		742
111 External Organisations Rents	69		69
753 Promoting Aberdeen	643		643
133 Grants/Services Provided by Aberdeen City Council	1,375		1,375
1,028 Civic Service Funding *	1,090	(1)	1,089
64 Duthie Park HLF	69		69
737 Specific Projects	825	(0)	825
63 Earmarked Reserves	10		10
<b>3,739 Cost Of Services</b>	<b>4,823</b>	<b>(1)</b>	<b>4,822</b>
(2,348) Sales Income			(3,245)
808 Cost of Sales			55
<b>(1,540) Other Operating Income/Expenditure</b>			<b>(3,190)</b>
(962) <b>Financing and Investment Income and Expenditure *</b>			<b>(6,437)</b>
<b>1,237 (Surplus) or Deficit on Provision of Services</b>			<b>(4,805)</b>
6,908 (Surplus) or Deficit on revaluation of investment property			6,256
<b>8,145 Total Comprehensive Income and Expenditure</b>			<b>1,451</b>

\* 22/23 Figures restated

## Balance Sheet

31 March 2023 £'000		31 March 2024 £'000
24,145	Long Term Investments	23,945
82,231	Investment Property	75,975
<b>106,376</b>	<b>Long Term Assets</b>	<b>99,920</b>
13,314	Investments in Aberdeen City Council Loans Fund	18,442
0	Investment Property Held for Sale	0
526	Short Term Debtors	441
<b>13,840</b>	<b>Current Assets</b>	<b>18,883</b>
(588)	Short Term Creditors	(626)
<b>(588)</b>	<b>Current Liabilities</b>	<b>(626)</b>
<b>119,628</b>	<b>Net Assets</b>	<b>118,177</b>
(119,560)	Common Good Fund	(118,109)
(68)	Reserve Fund	(68)
<b>(119,628)</b>	<b>Total Reserves</b>	<b>(118,177)</b>

The unaudited financial statements were issued on 9 May 2024.

Jonathan Belford, CPFA  
Chief Officer - Finance

The property portfolio was valued internally by Deborah Wylie, BSc MRICS and Stephen Booth, BLE MRICS and externally by Savills, who are all Royal Institution of Chartered Surveyors (RICS) Registered Valuers.

## **Trust Funds and Endowments**

The Council is responsible for the administration of various Trusts. They have been created by bequest or by public subscription and are utilised for a variety of purposes in line with the trusts purposes identified in their governing documents. The money earned from the investments of the trusts is used for the maintenance of graves and monuments, the administration of the Guildry and its awards, school prizes and the advancement of art and the purchase of works of art. As well as administering the trusts, the Council is also the appointed trustee for all the trusts except for Marguerite McBey Trust which has two Councillors on the Board of Trustees.

This section gives summary details of the income and disbursements relating to these trusts, together with a summary of the balances of the trusts at 31 March 2024 and details of how the balances were invested at that date. A detailed breakdown of the separate individual trust accounts can be obtained from the Head of Finance.

Included in these funds are 8 Trusts which are registered as Scottish charities under the Charities and Trustee Investment (Scotland) Act 2005. A separate audited Annual Report and Accounts for the seven council controlled Registered Charitable Trusts is submitted to OSCR within statutory deadlines. A report and accounts for the remaining Charitable Trust which is not controlled by the Council is also submitted to OSCR on an annual basis.

In addition to these Trusts there are a number of independent Trusts which are separately supported and administered by the council e.g. the Aberdeen International Youth Festival Trust and the Lord Provost's Charitable Trust. Accounting information for these organisations is not included in this document.

Trust Funds have been incorporated into the Group accounts on the basis that they are entirely controlled by the Council, which appoints 100% of the trustees. However, it is acknowledged that the funds belong to the Trusts and that they may be used solely for the purposes specified in the Trust articles. The assets are not the property of the Council. The Common Good Fund has investments in the Lands of Skene Trust (30%) and the Lands of Torry Trust (51%).

On the 14<sup>th</sup> December 2022, Council approved a new Guildry and Mortifications constitution, that constitution was approved by OSCR and took effect on the 25<sup>th</sup> May 2023..



## Investment of Funds

Charitable Trusts	Non-Charitable Trusts	Total		Charitable Trusts	Non-Charitable Trusts	Total
2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£'000s	£'000s	£'000s		£'000s	£'000s	£'000s
3,931	469	<b>4,400</b>	Land & Buildings	4,112	461	<b>4,573</b>
115	850	<b>965</b>	Equities - Listed	123	886	<b>1,009</b>
6	40	<b>46</b>	Gilt Edged Securities	6	39	<b>45</b>
-	427	<b>427</b>	Bank	-	496	<b>496</b>
3,791	1,605	<b>5,396</b>	Council Loans Fund	3,874	1,651	<b>5,525</b>
52	-	<b>52</b>	Debtors	55	-	<b>55</b>
(186)	(86)	<b>(272)</b>	Creditors	(186)	(102)	<b>(288)</b>
<b>7,709</b>	<b>3,305</b>	<b>11,014</b>		<b>7,984</b>	<b>3,431</b>	<b>11,415</b>
-	-	-	Share Capital	-	-	-
(5,078)	(2,653)	<b>(7,731)</b>	Unrestricted Funds	(5,257)	(2,690)	<b>(7,947)</b>
(106)	(652)	<b>(758)</b>	Endowment Funds	(127)	(741)	<b>(868)</b>
(2,525)	-	<b>(2,525)</b>	Designated Funds - Common Good Fund	(2,600)	-	<b>(2,600)</b>
<b>(7,709)</b>	<b>(3,305)</b>	<b>(11,014)</b>		<b>(7,984)</b>	<b>(3,431)</b>	<b>(11,415)</b>

The unaudited financial statements were issued on 9 May 2024.

Jonathan Belford, CPFA  
Chief Officer - Finance

The property portfolio was valued internally by Deborah Wyllie, BSc MRICS RICS Registered Valuer, in accordance with the Statement of Assets Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors (RICS).

## Group Accounts

The Council has an interest in a number of companies and joint ventures and where material their financial results are consolidated into the Group Accounts.

### Group Movement in Reserves Statement

	Total Usable Reserves (Page 68) £'000	Total Unusable Reserves (Note 13) £'000	Total Council Reserves £'000	Council's Share of Reserves of Subsidiaries, Associates and Joint Ventures £'000	Total Reserves £'000
<b>Balance at 31 March 2022</b>	<b>(134,044)</b>	<b>(1,327,022)</b>	<b>(1,461,066)</b>	<b>(157,173)</b>	<b>(1,618,239)</b>
<b><u>Movement in Reserves during 2022/23</u></b>	119,402	(159,218)	(39,816)	(8,369)	(48,185)
Adjustments between accounting basis & funding basis under regulations	(164,433)	164,433	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves &amp; Statutory Reserves</b>	<b>(45,031)</b>	<b>5,215</b>	<b>(39,816)</b>	<b>(8,369)</b>	<b>(48,185)</b>
Transfers to/from Earmarked Reserves & Statutory Reserves	23,530	(23,530)	0		
<b>Increase/Decrease in Year</b>	<b>(21,501)</b>	<b>(18,315)</b>	<b>(39,816)</b>	<b>(8,369)</b>	<b>(48,185)</b>
<b>Balance at 31 March 22/23 Carried Forward</b>	<b>(155,545)</b>	<b>(1,345,337)</b>	<b>(1,500,882)</b>	<b>(165,542)</b>	<b>(1,666,424)</b>
<b><u>Movement in Reserves during 2023/24</u></b>	<b>80,228</b>	<b>(67,596)</b>	<b>12,632</b>	<b>(8,875)</b>	<b>3,758</b>
Adjustments between accounting basis & funding basis under regulations	(57,390)	57,390	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves &amp; Statutory Reserves</b>	<b>22,839</b>	<b>(10,207)</b>	<b>12,632</b>	<b>(8,875)</b>	<b>3,758</b>
Transfers to/from Earmarked Reserves & Statutory Reserves	(22,789)	22,789	(0)		
<b>Increase/Decrease in Year</b>	<b>50</b>	<b>12,582</b>	<b>12,632</b>	<b>(8,875)</b>	<b>3,758</b>
<b>Balance at 31 March 2024</b>	<b>(155,495)</b>	<b>(1,332,755)</b>	<b>(1,488,250)</b>	<b>(174,417)</b>	<b>(1,662,666)</b>



## Group Comprehensive Income and Expenses Statement

2022/23				2023/24		
Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			<b>Continued Operation</b>			
305,661	(38,971)	266,690	Children and Families	325,165	(35,093)	290,073
217,265	(77,318)	139,947	Resources	290,842	(185,746)	105,095
101,162	(62,692)	38,471	Customer	114,207	(58,093)	56,114
76,343	(31,249)	45,094	Commissioning	67,396	(31,312)	36,083
104	0	104	Operations	0	0	0
309,937	(193,765)	116,172	Integration Joint Board	311,475	(189,830)	121,645
26,002	(9,258)	16,744	Corporate	47,004	(230,382)	(183,378)
103,938	(97,979)	5,958	Housing Revenue Account	152,014	(105,293)	46,721
<b>1,140,412</b>	<b>(511,233)</b>	<b>629,179</b>	<b>Cost of Services</b>	<b>1,308,103</b>	<b>(835,750)</b>	<b>472,353</b>
(730)		(730)	Other Operating Expenditure	364	(4,465)	(4,100)
124,811	(28,810)	96,001	Financing and Investment Income and Expenditure	51,569	(4,896)	46,672
0	(610,421)	(610,421)	Taxation and Non Specific Grant Income	0	(441,034)	(441,034)
<b>1,264,493</b>	<b>(1,150,463)</b>	<b>114,029</b>	<b>(Surplus) or Deficit on Provision of Services *</b>	<b>1,360,036</b>	<b>(1,286,145)</b>	<b>73,891</b>
		1,000	Share of (surplus) or deficit on the provision of services of Associates and JV			(8,650)
		<b>115,030</b>	<b>Group (Surplus)/Deficit</b>			<b>65,242</b>
		(25,553)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets (Surplus)/deficit on revaluation of available for sale financial assets			(103,882)
		(136,927)	Actuarial (gains)/losses on pension assets/liabilities			42,392
		(734)	Other unrealised gains and losses			0
		(163,214)	Other Comprehensive (Income) and Expenditure			(61,485)
		<b>(48,185)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>3,758</b>

## Group Balance Sheet

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
2,625,253	Property ,Plant and Equipment (note xi)	2,817,498
253,990	Investment Property (note xii)	222,518
78,353	Long Term Investments and/or Investments in Associates and Joint Ventures	94,777
199,723	Heritage Assets	200,273
498	Long Term Debtors	457
<b>3,157,817</b>	<b>Long Term Assets</b>	<b>3,335,523</b>
11,588	Short Term Investments	10,035
4,968	Inventories	5,637
150,919	Short Term Debtors	184,099
85,817	Cash and Cash Equivalents	71,521
3,511	Assets held for Sale	3,511
<b>256,803</b>	<b>Current Assets</b>	<b>274,803</b>
(288,302)	Short Term Borrowing	(386,395)
(168,539)	Short Term Creditors	(150,359)
(5,354)	Provisions	(7,284)
(5,332)	PPP Short Term Liabilities	(4,308)
(10,841)	Capital Grants Receipts in Advance	(8,876)
(4,235)	Revenue Grants Receipts in Advance	(4,944)
(8,041)	Other Short Term Liabilities	(10,443)
<b>(490,644)</b>	<b>Current Liabilities</b>	<b>(572,609)</b>

## Group Balance Sheet

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£'000</b>		<b>£'000</b>
(1,986)	Provisions	(50)
(1,064,341)	Long Term Borrowing	(1,146,348)
(120,707)	PPP Long Term Liabilities	(116,399)
(57,057)	Other Long Term Liabilities	(56,453)
(13,461)	Pension Liabilities	(55,801)
<b>(1,257,552)</b>	<b>Long Term Liabilities</b>	<b>(1,375,051)</b>
<b>1,666,424</b>	<b>Net Assets</b>	<b>1,662,666</b>
(155,545)	Usable Reserves	(155,492)
(1,345,337)	Unusable Reserves	(1,332,756)
(33,202)	Group - Usable Reserves	(27,822)
(132,340)	Group - Unusable Reserves	(146,596)
<b>(1,666,424)</b>	<b>Total Reserves</b>	<b>(1,662,666)</b>

The unaudited financial statements were issued on 9 May 2024 by Jonathan Belford, Section 95 Officer.

Jonathan Belford, CPFA  
Chief Officer - Finance

**Group Cash Flow**

<b>31 March 2023 £000</b>		<b>31 March 2024 £000</b>
(115,030)	Net surplus or (deficit) on the provision of services	(65,242)
242,915	Adjust net surplus or deficit on the provision of services for non cash movements	104,480
(68,110)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(63,315)
<b>59,774</b>	<b>Net cash flows from Operating Activities (note 13)</b>	<b>(24,077)</b>
(161,464)	Net cash flows from Investing Activities (note 14)	(154,447)
83,451	Net Cash flows from Financing Activities (note 15)	164,228
<b>(18,238)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(14,296)</b>
104,056	Cash and Cash equivalent at the beginning of the reporting period	85,817
<b>85,817</b>	<b>Cash and Cash equivalent at the end of the reporting period</b>	<b>71,521</b>

## Notes to the Group Accounts

### Note i Group Accounting Policies & Nature of Consolidation

The group accounting policies are those specified for the single entity annual accounts. Where materially different, accounting policies of group members have been aligned to those of the single entity. The accounting policies of all group members are materially the same as those of the single entity, except in the following cases:

- The difference in the recognition of land and buildings by Aberdeen Sports Village (ASV). Aberdeen City Council revalue its assets at the point they become operational, while the Sports Village continues to hold them at historic cost, net of depreciation, until they are revalued as part of a 5-year cycle of revaluations, following which the accounting policy will become aligned. As at 31 March 2023 the assets of ASV were revalued and a consolidated adjustment of £23.1m increase to the value of the ASV fixed assets was made to the Group Accounts.

The Group Accounts have been prepared on the basis of a full consolidation of financial transactions and balances of the Council and its subsidiaries. This means the transactions and balances of the Council and the subsidiaries have been consolidated on a line-by-line basis. Associates have been incorporated using the equity method where the Council's investment in the associates is adjusted each year by the Council's share of the associate's results and other gains and losses. Joint Ventures have been incorporated using the gross equity method.

The accounting periods for all entities are from 1 April 2022 to 31 March 2023, except for ASV Ltd, whose accounting year end is 31 July, in line with that of its other shareholder, The University of Aberdeen. ASV Ltd has been incorporated on the basis of amalgamating data from the annual accounts produced at 28 February 2022, 31 July 2022 and 28 February 2023. This means that a 12-month period of activity is incorporated into the Group Accounts.

The values stated in the Group Accounts have been adjusted for the elimination of intergroup transactions and balances including debtors and creditors.

### Note ii Disclosure of Interest in Other Entities

The Council has adopted the recommendations of Chapter 9 of the Code, which requires local authorities to consider their interests in all types of entity to incorporate into Group Accounts. A full set of group accounts, in addition to the Council's accounts, has been prepared which incorporates material balances from identified subsidiaries, associates and joint ventures.

Aberdeen City Council has an interest in a number of Subsidiaries, Associate companies and a Joint Venture. The most significant of these companies in terms of the size of trading operations and other factors are included in the Group Accounts.

The business combination for the Group Accounts includes Subsidiaries – Aberdeen Exhibition and Conference Centre Limited (AECC) 100%, Common Good 100%, Trust Funds 100%, Sport Aberdeen 100%, Aberdeen Heat and Power Ltd 100% Bon Accord Care and Bon Accord Support Services 100%. Included as an Associate is Grampian Valuation Joint Board 39%. Included as Joint Ventures are Aberdeen Sports Village (the joint venture with The University of Aberdeen) and the Integration Joint Board which is consolidated as a Joint Venture with NHS Grampian.

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## **Subsidiaries**

### **Common Good**

The voting rights held by Aberdeen City Council are 100%.

The Common Good stands separate from other accounts and funds of the Council and could be said to originate in the grant of freedom lands by King Robert the Bruce in 1319. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. It is invested in land, buildings, industrial estates, and farms with any surplus being placed on cash deposit with other local authorities, building societies and the Council's Loans Fund.

In the face of severely diminishing credit interest returns, a decision was taken to invest £30m of Common Good cash in a Multi-Asset Income fund, to generate more income for the fund and the decision was taken to proceed with Fidelity International's Multi-Asset Income fund. The first tranche of £10m was invested on 28th July 21, and the second tranche was made on mid-August. A third investment of £10m was made in mid-September. The fund has yielded steady growth since the investment started, earning some £1.918m to date at an average rate of 3.99%.

### **Trust Funds**

The Council is responsible for the administration of various trusts, the proportion of voting rights held by Aberdeen City Council being 100%. They have been created by bequest or evolved through history or by public subscription and are utilised for a variety of benefits such as education and social work, charitable purposes, religious instruction, medical institutions, the upkeep of public works and the administration of the Guildry. The money earned from the investments of the Trusts is used to provide grants, prizes and dux medals for school children and requisites for clients in Social Work homes. As well as administering the trusts, the Council is also the appointed trustee for all the trusts.

In addition to these trusts there are a number of independent trusts which are separately supported and administered by the Council e.g. the Chris Anderson Trust and various Festival trusts.

### **Sport Aberdeen**

Sport Aberdeen Limited is a charity and constitutes a limited company limited by guarantee. The principal activity of the company is the provision of recreation leisure facilities and services on behalf of Aberdeen City Council in accordance with key priorities. Although Aberdeen City Council does not own the entity, under chapter 9 of the Code the Council have determined that control representing power to govern exists through agreements in place and that Sport Aberdeen Limited appears to be operating as a structured entity of the Council as defined by IFRS 12.

In the event that Sport Aberdeen incurs any reasonable and properly incurred losses or liabilities, damage claims, demand, costs, expenses, penalties, legal and other professional fees, the Council will indemnify Sport Aberdeen on demand for these losses.

Aberdeen City Council as the Scheme employer of the North East Scotland Pension Fund in which Sport Aberdeen is an Admission Body guarantees to discharge on demand the guaranteed obligations by making immediate payment to the fund.

### **Bon Accord Care and Bon Accord Support Services**

Bon Accord Care Limited and Bon Accord Support Services Limited are private companies limited by shares which are 100% held by Aberdeen City Council. Bon Accord Care provides regulated (by the Care Inspectorate) care services to Bon Accord Support Services which in turn delivers both regulated and unregulated adult social care services to the Council.

### **Aberdeen Heat and Power Ltd**

AH&P was included in the Council's Group Accounts for the first time in 2022/23 due to materiality. AH&P Ltd is a company limited by guarantee and has no share capital. Aberdeen City Council is the sole member of AH&P which is a wholly owned subsidiary of the council guarantor. All AH&P board appointments are made by the Council as the sole member of

AH&P Ltd. For the year ended 31 March 2024, AH&P Ltd made a profit of £0.923 million (2022/23, £0.058 million profit) and the net assets of the company were £6.633 million (2022/23, £5.051 million). Turnover was £10.186 million (2022/23, £8.308 million). Copies of AH&P Ltd.'s accounts may be obtained from Brodies Secretarial Services Limited, 15 Atholl Crescent, Edinburgh, EH3 8HA.

### Joint Ventures

Aberdeen City Council holds a 50% share in Aberdeen Sports Village Limited (ASV), a company limited by guarantee and registered as a charity. This is a joint venture company owned equally by the Council and The University of Aberdeen. The relationship is treated as a joint venture and accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated within the Group Balance Sheet of the Council and 50% of its net income is reported in the Council's Group Income and Expenditure Accounts. ASV currently has Net Assets of £53.4 million in 2023/24 (2022/23 £61.9 million).

ASV Ltd was incorporated on 17 July 2007 and its objectives are to provide sports and recreational facilities, including elite sports facilities for the use of both students and staff of the University of Aberdeen and the general public, and the advancement of public participation in sport.

The Aberdeen City Integration Joint Board (IJB) was established by order of Scottish Ministers on 6 February 2016, becoming fully operational from 1 April 2016. The IJB is responsible for the strategic planning, resourcing and operational delivery of all integrated health and social care within the Aberdeen City area. This has been delegated by the partners, Aberdeen City Council and NHS Grampian. During financial year 2023/24, the partners contributed £412 million in funding to the IJB (£375 million 2022/23).

On 11 March 2022 Aberdeen City Council entered into an agreement with BP International Limited to form an Energy Company. This is known as bp Aberdeen Hydrogen Energy Limited (BPAHE) The purpose of this company is to establish a commercial hydrogen production, storage and distribution infrastructure for green hydrogen utilising renewable power to service transport in the short term. This will further be expanded to the delivery of hydrogen power for heat systems for both housing and industrial use. It is envisaged that this will then progress to export any excess energy to the grid. In 2024/25 the Council will invest £15m in the company. The company formed is currently a 50:50 Joint Venture and will form part of the Group accounts of the Council from 2024/25.

### Associates

Aberdeen City Council incorporates the following Associate in its group annual accounts: -

Grampian Valuation Joint Board 39%

There is no share capital issued by the Joint Boards, and therefore the consolidation proportion was based on the level of contribution Aberdeen City Council provided to the Board.

The Grampian Valuation Joint Board was created following Local Government Re-organisation on 1 April 1996, under the Local Government (Scotland) Act 1994 and covers the local government areas of Aberdeenshire, Aberdeen City and Moray.

### Distribution of Reserves

With the exception of Aberdeen Sports Village, there is no significant statutory, contractual or exchange control restrictions on the ability of an associate to distribute its reserves. Aberdeen Sports Village's reserves are mainly funded from Sport Scotland and are restricted to the provision of sport in the area. As a charity, unrestricted reserves may be transferred to some other charitable body or bodies whose objectives are similar to the objectives of Aberdeen Sports Village.

### Note iii Financial Impact of Consolidation

The effect of inclusion of the subsidiary, associate and joint venture entities on the Group Balance Sheet is to increase both Reserves and Net Assets by £174 million (2022/23, increase of £183 million).

**Note iv Group Entities**

The financial performance of each of the group entities included within the Group Accounts was as follows:

For the financial year 2023/24	ACC Control %	Commitment to meet accumulated deficits %	Net Assets / (liabilities) £'000	Surplus / (deficit) for the year £'000	The accounts can be acquired from
<b>Subsidiaries</b>					
Aberdeen Exhibition and Conference Centre	100	100	361	0	Chief Officer-Finance, 1st Floor West, Marischal College, Broad Street, Aberdeen
Common Good	100	100	118,177	4,803	Chief Officer-Finance, 1st Floor West, Marischal College, Broad Street, Aberdeen
Trust Funds	100	100	8,814	175	Chief Officer-Finance, 1st Floor West, Marischal College, Broad Street, Aberdeen
Sport Aberdeen Limited	100	100	3,835	404	Broadford House, Broadford Road, Bridge of Don, Aberdeen, AB23 8EE
Bon Accord Care Limited	100	100	0	0	Inspire Building, Beach Boulevard, Aberdeen, AB24 5HP
Bon Accord Support Services Limited	100	100	37	32	Inspire Building, Beach Boulevard, Aberdeen, AB24 5HP
Aberdeen Heat and Power Ltd	100	100	6,632	923	C/O Brodies LLP, Capital Square, 58 Morrison Street, Edinburgh, EH3 8PB.
<b>Joint Ventures</b>					
Aberdeen Sports Village Limited	50	50	61,906	15,878	University of Aberdeen, Kings College, Old Aberdeen AB24 3FX
Integration Joint Board	50	50	12,648	(7,249)	Chief Finance Officer, 1st Floor North, Marischal College, Broad Street, Aberdeen
<b>Associates</b>					
Grampian Valuation Joint Board	39	39	1,187	21	The Treasurer, Grampian Valuation Joint Board, C/O Moray Council, Council Offices, High Street, Elgin IV20 1BX



**Note v Non-Material Interest in Other Entities**

On the grounds of materiality, the North East Transport Partnership (NESTRANS), Grampian Venture Capital Fund Ltd, Strategic Development Planning Authority and Scotland Excel have been excluded from the foregoing Group Accounts.

NESTRANS was created under the Transport (Scotland) Act 2005 by the Scottish Government. Its aim is to develop and deliver a long-term regional transport strategy and take forward strategic transport improvements that support and improve the economy, environment and quality of life across Aberdeen City and Aberdeenshire. There are 12 members on the Board. Aberdeen City Council, Aberdeenshire Council and the Scottish Government have 4 members each. The Councils fund the Partnership on an equal basis. For 2022/23, Aberdeen City Council contributed £92,000 (2021/22, £97,000) towards the core costs of the organisation. The impact in consolidation using the equity method is therefore nil. The audited accounts for 2022/23 show a surplus of £1.89 million (2021/22, £1.85million deficit) for the year, before taking into account amounts required by statute and non-statutory proper practices to be debited or credited to the general fund balance. The accounts for 2023/24 are in the process of being prepared.

Grampian Venture Capital Fund Ltd is a private company limited by shares with a share capital of £0.455 million. Aberdeen City Council holds 29.9% of the voting rights. The two other main shareholders are Aberdeenshire Council with 35.4% and Moray Council with 20.4%. As at 31 March 2023 net assets amounted to £0.215 million (2021/22 £0.213 million) with a loss for the year of £0.002 million (2021/22, £0.011 million loss). The accounts for 2023/24 are in the process of being prepared. It is anticipated that there will be no significant changes as at March 2024. Grampian Venture Capital Fund was established in 1988 as Moray Venture Capital Fund Limited to provide development and venture capital to promote industry in the Moray area and subsequently extended across Grampian Region in late 1994.

The Strategic Development Planning Authority is a partnership between Aberdeen City and Aberdeenshire Councils. The SDPA was designated by Scottish Ministers on 25 June 2008 and is one of 4 cities–region planning authorities. The current legislative position of SDPA prevents it from retaining a surplus and reserves. In 2023/24, Aberdeen City Council did not make any material contributions to the SDPA.

Scotland Excel is the Centre of Procurement Expertise for the Local Government sector in Scotland. Established in 2008, their remit is to work collaboratively with members and suppliers to raise procurement standards, secure best value for customers and to improve the efficiency and effectiveness of public sector procurement in Scotland. Scotland Excel is funded by member requisitions. For 2023/24, Aberdeen City Council contributed £0.185 million (2022/23, £0.181 million) towards the cost of these services. This represents Aberdeen City Council's share at 4%.

Aberdeen Hydrogen Hub was formed with BP International Limited on 11 March 2022. It is a 50:50 Joint venture with an initial investment from the Council and BP of £ 1.5 million each. The company formed to establish a commercial hydrogen production, storage and distribution infrastructure for green hydrogen utilising renewable power for the City of Aberdeen.

**Note vi Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
60,523	Interest payable and similar charges	74,117
2,832	Pensions interest cost and expected return on pensions assets	(19,331)
(5,457)	Interest receivable and similar income	(8,113)
(8,353)	Income and expenditure in relation to investment properties and changes in their fair value	0
46,456	Other investment income	0
<b>96,001</b>	<b>Total</b>	<b>46,673</b>

## Note vii Cash Flow Statement – Group Operating Activities

2022/23 £'000		2023/24 £'000
(115,030)	Net surplus or (deficit) on the provision of services	(65,242)
<b>(115,030)</b>		<b>(65,242)</b>
	<b>Adjustment to surplus or deficit on the provision of services for non-cash movements:</b>	
91,171	Depreciation	97,731
117,288	Impairment, downward revaluations & non sale derecognitions	77,955
(1,524)	(Increase)/Decrease in Stock	(652)
(33,379)	(Increase)/Decrease in Debtors	(38,277)
(554)	Increase/(Decrease) in Creditors	0
31,969	Payments to Pension fund	(6,318)
2,317	Carrying amount of non current assets sold	(6,043)
0	Carrying amount of written off assets	770
1,784	Contributions to Other Reserves / Provisions	(7,219)
(3,410)	Movement in value of investment properties	0
37,252	Other non-cash movements, including reversal of surplus or deficit on provision of services by associates and joint ventures	(13,467)
<b>242,915</b>		<b>104,480</b>
	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:</b>	
(82,571)	Receipt of Capital Grants and Contributions	(79,176)
(1,506)	Proceeds from the sale of PP&E, investment property and intangible assets	(1,681)
15,967	Bond EIR adjustment	17,542
<b>(68,110)</b>		<b>(63,315)</b>
<b>59,774</b>	<b>Net cash flows from operating activities</b>	<b>(24,077)</b>

**Note viii Cash Flow Statement – Group Investing Activities**

2022/23 £'000		2023/24 £'000
(242,763)	Purchase of property, plant and equipment, investment property and intangible assets	(232,623)
(2,779)	Purchase/(Sale) of short term and long term investments	(2,680)
2,273	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,309
(766)	Contribution from the Capital Receipts Reserve towards the administrative costs on non current asset disposals	(629)
82,571	Capital grants and contributions received	79,176
<b>(161,464)</b>	<b>Net cash flows from investing activities</b>	<b>(154,447)</b>

**Note ix Cash Flow Statement – Group Financing Activities**

2022/23 £'000		2023/24 £'000
(37)	Other receipts from financing activities	(37)
0	Repayments of short term and long term borrowing	0
0	Repayments of borrowed amounts	187,534
(15,967)	Bond EIR Adjustment	(17,542)
104,282	New Borrowings	0
(4,826)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(5,728)
<b>83,451</b>	<b>Net cash flows from Financing activities</b>	<b>164,228</b>

**Note x Cash Flow Statement – Group Cash and Cash Equivalents**

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

31 March 2023 £'000		31 March 2024 £'000
27	Cash held by officers	24
85,790	Bank current accounts	71,497
<b>85,817</b>	<b>Total cash and cash equivalents</b>	<b>71,521</b>

**Note xi Group Property, Plant and Equipment***Movements on Balances***Movements in 2022/23:**

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PPP Assets Included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1 April 2022</b>	<b>902,054</b>	<b>1,241,437</b>	<b>75,341</b>		<b>31,022</b>	<b>6,144</b>	<b>128,963</b>	<b>2,384,961</b>	<b>199,961</b>
Additions	111,669	25,086	34,520		562	(75)	61,320	233,084	2,538
Revaluations	(74,925)	(63,403)	0		0	(742)	0	(139,070)	0
Derecognition / Disposals	0	0	(5,180)		0	(350)	0	(5,530)	0
Transfers	0	39,730	0		18,515	2,649	(70,544)	(9,650)	0
<b>At 31 March 2023</b>	<b>938,798</b>	<b>1,242,850</b>	<b>104,681</b>		<b>50,099</b>	<b>7,626</b>	<b>119,740</b>	<b>2,463,794</b>	<b>202,499</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2022</b>	<b>(4,597)</b>	<b>(33,689)</b>	<b>(44,340)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(82,626)</b>	<b>(6,169)</b>
Depreciation Charge	(35,213)	(34,765)	(15,689)		0	0	0	(85,668)	(3,880)
Depreciation & Impairment written out	30,981	16,063	0		0	0	0	47,043	0
Derecognition / Disposals	0	0	4,925		0	0	0	4,925	0
Transfers	0	745	0		0	0	0	745	0
<b>At 31 March 2023</b>	<b>(8,829)</b>	<b>(51,646)</b>	<b>(55,104)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(115,579)</b>	<b>(10,049)</b>
<b>Net Book Value</b>									
<b>At 31 March 2023</b>	<b>929,969</b>	<b>1,191,204</b>	<b>49,577</b>	<b>277,038</b>	<b>50,098</b>	<b>7,626</b>	<b>119,740</b>	<b>2,625,253</b>	<b>192,450</b>
<b>At 31 March 2022</b>	<b>897,458</b>	<b>1,207,748</b>	<b>31,001</b>	<b>259,559</b>	<b>31,022</b>	<b>6,144</b>	<b>128,963</b>	<b>2,561,894</b>	<b>193,792</b>

## Movements in 2023/24:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PPP Assets Included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1 April 2023</b>	<b>938,795</b>	<b>1,242,848</b>	<b>104,581</b>		<b>50,099</b>	<b>7,625</b>	<b>119,740</b>	<b>2,463,688</b>	<b>202,498</b>
Additions	119,903	20,765	10,221		2,874	5	50,211	<b>203,979</b>	695
Revaluations	(13,772)	23,812	(28)		0	(6,805)	0	<b>3,207</b>	(13,991)
Derecognition / Disposals	0	0	(14,736)		0	(470)	0	<b>(15,206)</b>	0
Transfers	0	91,818	0		0	5,170	(96,988)	<b>0</b>	0
<b>At 31 March 2024</b>	<b>1,044,926</b>	<b>1,379,242</b>	<b>100,038</b>		<b>52,973</b>	<b>5,526</b>	<b>72,962</b>	<b>2,655,668</b>	<b>189,202</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2023</b>	<b>(8,830)</b>	<b>(51,646)</b>	<b>(54,998)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(115,474)</b>	<b>(10,049)</b>
Depreciation Charge	(40,388)	(34,295)	(8,660)		0	0	0	<b>(83,343)</b>	(3,920)
Depreciation & Impairment written out	32,725	20,663	0		0	0	0	<b>53,388</b>	1,548
Derecognition / Disposals	0	0	14,762		0	0	0	<b>14,762</b>	0
Transfers	0	1,100	0		0	0	0	<b>1,100</b>	0
<b>At 31 March 2024</b>	<b>(16,493)</b>	<b>(64,178)</b>	<b>(48,896)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(129,568)</b>	<b>(12,421)</b>
<b>Net Book Value</b>									
<b>At 31 March 2024</b>	<b>1,028,432</b>	<b>1,315,065</b>	<b>51,142</b>	<b>291,398</b>	<b>52,973</b>	<b>5,526</b>	<b>72,962</b>	<b>2,817,498</b>	<b>176,780</b>
<b>At 31 March 2023</b>	<b>929,965</b>	<b>1,191,201</b>	<b>49,583</b>	<b>277,038</b>	<b>50,099</b>	<b>7,625</b>	<b>119,740</b>	<b>2,625,253</b>	<b>192,450</b>

**Note xii Investment Properties**

The following items of income and expense have been accounted for in the Group Comprehensive Income and Expenditure Statement:

	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Rental and interest income from investment property	(22,291)	0
Expenses arising from investment property	17,347	0
Revaluation (gains)/losses	(3,409)	0
<b>Net (gain)/loss</b>	<b>(8,353)</b>	<b>0</b>

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

	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Balance at start of the year</b>	241,662	253,990
Additions:		
• Purchases	37	86
Disposals	(1,080)	(2,990)
Net gains/losses from fair value adjustments	(3,529)	(28,568)
Transfers:		
• to/from Inventories	0	0
• to/from Property, Plant and Equipment	16,900	0
• to/from Assets Held for Sale	0	0
<b>Balance at end of the year</b>	<b>253,990</b>	<b>222,518</b>

**Note xiii**

Loans and Trading Balances with subsidiaries as at 31 March 2023 and 2024 are as follows:

	Loans		Debtors		Creditors	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Bon Accord Care Ltd	0	0	0	0	(25)	(43)
Bon Accord Support Services Ltd	0	0	1,032	7,828	(131)	(2,173)
Sport Aberdeen	(3,915)	(5,160)	0	0	0	0
Aberdeen Heat and Power Ltd	0	0	0	0	(656)	(395)
Common Good	(12,529)	(17,657)	0	0	0	0
Trust Funds	(5,230)	(6,043)	0	0	0	0
	0	0	0	0	0	0
	<b>(21,674)</b>	<b>(28,860)</b>	<b>1,032</b>	<b>7,828</b>	<b>(812)</b>	<b>(2,611)</b>

**Note xiv Operating Expenditure and Income of the Subsidiaries**

The operating expenditure and income of the subsidiaries have been included within Operations, Customer, Commissioning, Resources, Integrated Joint Board/Social Work and Corporate.

**Note xv Share of Operating (surplus)/deficit, Total assets and liabilities of Joint Ventures and Associates**

Analysis of operating results and balance sheet of Joint Ventures and Associates

<b>2022/23</b>				
	<b>Share of Operating (surplus)/deficit £'000</b>	<b>Total Assets £'000</b>	<b>Total Liabilities £'000</b>	<b>Net Assets /Liabilities £'000</b>
<b>Associates</b>				
Grampian Valuation Joint Board	(14)	773	(461)	312
<b>Associates Total</b>	<b>(14)</b>	<b>773</b>	<b>(461)</b>	<b>312</b>
<b>Joint Venture</b>				
Aberdeen Sports Village Limited	(11,126)	31,403	(978)	30,426
Integration Joint Board	12,140	13,555	0	13,555
<b>Joint Ventures Total</b>	<b>1,014</b>	<b>44,958</b>	<b>(978)</b>	<b>43,981</b>
<b>2023/24</b>				
	<b>Share of Operating (surplus)/deficit £'000</b>	<b>Share of Total Assets £'000</b>	<b>Share of Total Liabilities £'000</b>	<b>Share of Net Assets /Liabilities £'000</b>
<b>Associates</b>				
Grampian Valuation Joint Board	(14)	851	(388)	463
<b>Associates Total</b>	<b>(14)</b>	<b>851</b>	<b>(388)</b>	<b>463</b>
<b>Joint Venture</b>				
Aberdeen Sports Village Limited	(15,878)	35,215	(794)	34,421
Integration Joint Board	7,249	6,324	0	6,324
<b>Joint Ventures Total</b>	<b>(8,629)</b>	<b>41,539</b>	<b>(794)</b>	<b>40,745</b>



**Note xvi Pension Costs**

**Aberdeen City Council (ACC)** participates in the Local Government Pension Scheme and Teachers' Scheme administered by the Scottish Government. Aberdeen City Council acts as an administering authority for the Local Government Pension Scheme. Both schemes are defined benefit schemes based on final pensionable salary.

**Subsidiaries**

**Sport Aberdeen Limited (SA)** participates, as an admitted body, in the North East Scotland Pension Fund, a Local Government Pension Scheme which provides benefits based on final pensionable pay.

The difference between the actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in the CIES. The pension surplus for the year is £5.991m (2021/22, £533k surplus).

**Bon Accord Care (BAC) and Bon Accord Support Services (BASS)** participate as admitted bodies, in the North East Scotland Pension Fund, a Local Government Pension Scheme which provides benefits based on final pensionable pay.

The difference between the actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in the CIES. In 2022/23 both BAC and BASS had a net asset arising from their defined benefit obligation. IAS19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC14. The total economic benefits were calculated as £27.558m (BAC £26.955m and BASS £0.603m). Therefore, an adjustment to the defined benefit plan asset has been required in accordance with IAS19 and IFRIC14. This adjustment reduced the pension asset to nil in 2022/23 for both BAC and BASS (2021/22, BAC £5.346m liability and BASS £1.163m liability).

**Joint Ventures**

**Aberdeen Sports Village Limited (ASV Ltd)** participates, as an admitted body, in the Aberdeen City Council Pension Fund, which is part of the Local Government Pension Scheme. It is a defined benefit scheme however it is closed to new members, and therefore only covers individuals who transferred to the company when it became operational.

Assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actuarial valuations. As a result, ASV Ltd is unable to identify its relevant share of the underlying assets and liabilities in the Fund. It is therefore accounted for as a defined contribution scheme and payments made to the Pension Fund in the year are included in the Income and Expenditure Account. The pension costs for the year 2022/23 was £0.052million (2021/22 £0.093million).

**Associates**

**Grampian Valuation Joint Board** participates in the Local Government Pension Scheme administered by Aberdeen City Council.

**Share of Associates Pension Interest Costs and Expected Return on Pension Assets**

	2022/23	2023/24
	£000	£000
<b>Grampian Valuation Joint Board</b>	2	0

**Note xvii Net Pension Liabilities**

ACC share of pension liabilities of the Joint Boards are shown as below. These have been accounted for under IAS 19 'Post Employment Benefits'.

	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
ACC	(19,452)	(55,801)
<b><u>Share of Associates</u></b>		
Grampian Valuation Joint Board	(196)	(50)
<b>Total</b>	<b>(19,648)</b>	<b>(55,851)</b>