

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny Committee
DATE	8 May 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Unaudited Annual Accounts 2024/25
REPORT NUMBER	CORS/25/089
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	4.1 and 4.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with an overview of the Council's 2024/25 unaudited Annual Accounts.
- 1.2 The report also enables scrutiny of and approval by the Committee on the content of the Annual Governance Statement. The statement has been included in the 2024/25 unaudited Annual Accounts subject to this approval.
- 1.3 The report also provides the unaudited Annual Accounts for those registered charities where the Council is the sole trustee and is subject to statutory requirements for separate accounts and audit opinions.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 approve the Annual Governance Statement as included in the Council's unaudited Annual Accounts for the financial year 2024/25;
- 2.2 consider the Council's unaudited Annual Accounts 2024/25;
- 2.3 consider the unaudited Annual Accounts 2024/25 of the Council's registered charities;
- 2.4 note that following this meeting the Council's and the registered charities' unaudited Annual Accounts will be finalised, signed by the Chief Officer - Finance and submitted to the Council's external auditors, Audit Scotland;
- 2.5 note that the Audit, Risk and Scrutiny Committee on 26 June 2025 will receive the Council's audited Annual Accounts for consideration and approval prior to their signature by the Chief Officer - Finance, Chief Executive and Council Co-Leaders;

- 2.6 note that the Audit, Risk and Scrutiny Committee on 26 June 2025 will also receive the external auditor's report on the annual accounts for debate and consideration and that this report will set out the auditor's findings and conclusions, highlight any significant issues arising from the audit of the Annual Accounts and inform Elected Members of the proposed audit opinion in advance of the accounts being approved; and
- 2.7 note that the Audit, Risk and Scrutiny Committee on 26 June 2025 will also receive the audited Annual Accounts for the registered charities for consideration and approval prior to their signature along with the associated external auditor's report.

3. CURRENT SITUATION

Annual Governance Statement

- 3.1 The Local Authority Accounts (Scotland) Regulations 2014 specify that the Annual Accounts must include an Annual Governance Statement (AGS).
- 3.2 The AGS should be produced in accordance with proper accounting practices and the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.
- 3.3 The Council has developed its approach to the annual governance review process and in 2024/25 has again undertaken a self-evaluation of the effectiveness of the Local Code of Corporate Governance.
- 3.4 There are different layers of assurance that have been considered and used in determining the content of the AGS. These include management assurance, the internal audit assurance framework, and the consideration of external audit and external scrutiny.
- 3.5 Management assurance includes the certification of internal controls and assurance by Chief Officers, along with an assurance statement having been received by, or on behalf of, the Chief Executive of the group entities. The Chief Officer of the Aberdeen City Integration Joint Board has also provided assurance in respect of the Health and Social Care Partnership arrangements.
- 3.6 Further confidence is based on the operational structure and legislative framework that exists for the Council, including the continuity that has been maintained in relation to statutory posts throughout the year.
- 3.7 The Scheme of Governance defines the roles and responsibilities for officers and Elected Members.
- 3.8 The accounting team work closely with budget holders to ensure that a positive relationship exists and there is openness and transparency about decision making and the financial implications.

- 3.9 Each Chief Officer has reviewed their portfolio and certified their effectiveness to the Chief Officer – Governance and the Chief Officer - Finance.
- 3.10 Management Assurance has also been obtained from each Chief Officer and reviewed by the Corporate Management Team.
- 3.11 In undertaking a self-evaluation of the Council's effectiveness of its governance framework, several officers have reviewed the Local Code of Governance and drawn judgements on the extent to which the Council is effectively complying with the code.
- 3.12 Independent scrutiny is undertaken by the Internal Audit function, which was carried out by the Internal Audit team from Aberdeenshire Council. They have provided management and the Committee with recommendations on improvements that can be implemented for the benefit, amongst other things, of the control environment.
- 3.13 External scrutiny is required by legislation (Local Authority Accounts (Scotland) Regulations 2014) and the Council's external auditor, Audit Scotland, reports on a variety of areas, not simply the financial statements and financial control environment. These reports, which are produced on a national basis, have been considered in preparing the AGS for 2024/25.
- 3.14 In conclusion and in examining the evidence, the 2024/25 AGS has been prepared with an approach of openness and accountability that recognises the positive framework that the Council has and the effectiveness of it during the financial year. It should be noted that the Statement has been produced by management and is not an independent expression of audit opinion.
- 3.15 The Annual Governance Statement is signed on behalf of Aberdeen City Council by the Chief Executive and a co-Leader of the Council. It is recommended for approval prior to being signed off.

Unaudited Annual Accounts

- 3.16 On 28 November 2024, the Audit, Risk and Scrutiny Committee received and noted the contents of a report, "Annual Accounts 2024/25 – Action Plan" which provided high level information and key dates in relation to the production of the 2024/25 Annual Accounts. The key dates are noted below:

Date(s)	Description
31 March 2025	End of the financial year 2024/25
Jan – June 2025	Information from Group Entities (including ALEO's)
23 April 2025	Public Notice for the Public Inspection Period to be issued
07 May 2025	Signing of unaudited Annual Accounts by the Proper Officer
08 May 2025	Sign off by Audit, Risk and Scrutiny Committee Submission of the Annual Accounts to Auditors
13 May 2025 – 2 June 2025	Public Inspection Period for the unaudited Annual Accounts
26 June 2025	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
26 June 2025	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Co-Leaders.
30 June 2025	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website, along with the accounts of all subsidiary bodies
14 July 2025 (tbc)	Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government
30 September 2025	Deadline for submission of the signed audited Annual Accounts to the Auditor
30 September 2025 (tbc)	Deadline for submission of the audited WGA to the Scottish Government
31 October 2025	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
31 December 2025	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

- 3.17 There is also a requirement that the unaudited Annual Accounts be provided to and considered by a committee whose remit includes audit or governance, this report satisfies that requirement.

Inspection and Audit of the Accounts

- 3.18 The Local Authority Accounts (Scotland) Regulations 2014 define the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. At least 14 days' public notice must be given prior to the commencement of the inspection period. The latest date by which the public inspection can start is 1 July 2025. The inspection must last 15 working days. This year the public inspection period for the Aberdeen City unaudited annual accounts will begin on 13 May 2025 and end on 2 June 2025. The ACC Integrated Joint Board public inspection period will begin on 20 June 2025 and ends on 10 July 2025.

The Regulations also require publication of the unaudited Annual Accounts, as submitted to the Auditor, on the Council's website until the audited accounts can replace them. This not only provides a means by which the public can access the accounts during the inspection period but also ensures the Council is open and transparent in its reporting.

- 3.19 On completion of the audit process, the external auditors will present their report on the audit of the Annual Accounts to the meeting of the Audit, Risk and Scrutiny Committee on 26 June 2025. This report will highlight any significant issues arising from the audit and inform Elected Members of the proposed audit opinion in advance of the final accounts being certified.
- 3.20 The audited Annual Accounts will also be presented to that meeting for consideration and approval for signature. Thereafter, the accounts will be signed by the Chief Officer - Finance, Chief Executive, and Council Co-Leaders. The signed accounts must be published no later than 31 October 2025.

Financial Performance and Review of the Accounts

- 3.21 It should be noted that the unaudited Annual Accounts are prepared according to the requirements of the IFRS based Code of Practice on Local Authority Accounting (the Code) and as a result are more complex and detailed than the information included in the monitoring reports provided to Committee throughout the year.
- 3.22 A report covering the detailed financial position of the Council will be considered by the Finance and Resources Committee on 7 May 2025. This report covers the Council's revenue and capital accounts for General Fund, Housing Revenue and Common Good and the reserves and balances of the Council as at 31 March 2025.
- 3.23 The credit rating and London Stock Exchange (LSE) listing has brought several reporting and governance requirements, including the need to consider our financial management systems, processes, and routines to take into account the requirements and expectations of holding and maintaining a suitable credit rating and being an Issuer of Bonds.
- 3.24 The following paragraphs highlight some of the key sections of the Annual Accounts:
- 3.25 Management Commentary – focuses on the financial performance of the Council and its group as well as highlighting significant past and future events and comments on the economic climate within which the Council operates.
- 3.26 Comprehensive Income & Expenditure Statement (CIES) and Expenditure & Funding Analysis - reflects the income and expenditure of the Council per the Council's service structure based on the requirements of accounting standards.
- 3.27 Balance Sheet – provides information on the assets and liabilities of the Council together with its usable and unusable reserves. Net assets (i.e., assets less liabilities) have decreased by £172 million from March 2024 to a total of £1.178 billion at March 2025. The corresponding movement in reserves reflects decreases of £168 million in unusable reserves and £4 million in usable reserves. Movements in usable reserves comprise a £3 million decrease in housing revenue account reserves and £10 million decrease in capital grants unapplied, offset by an increase of £9 million in statutory and other reserves.

- 3.28 Common Good and Trusts – the Common Good Fund’s CIES and Balance Sheet reflect a decrease in the value of its net assets which has resulted in its value decreasing by £9 million to £109 million at March 2025. The financial statements of the Trusts reflect the split between charitable and non-charitable trusts. This aids the separate audit of charitable trusts, which is an OSCR (Office of the Scottish Charity Regulator) requirement and will be carried out by the Council’s external auditors.
- 3.29 Group Accounts – these include the Council, its subsidiaries, associates, and joint venture companies and reflects all the significant entities the Council has a controlling interest in. The group balance sheet shows net assets and reserves of £1.311 billion. A few smaller organisations have been excluded from the financial statements due to their relative size on the grounds of materiality and as such their performance is disclosed simply in the notes to the group accounts.

Registered Charities

- 3.30 This encompasses those charitable trusts, registered with OSCR, for which the Council –is the sole trustee. There are seven separately registered charities which for reporting purposes can be grouped together into a single Annual Report and Accounts. The consolidated balance sheet shows a value of £11 million, after the elimination of intra trust balances, i.e., the investment in the Lands of Skene by the City of Aberdeen Council Guildry & Mortification Funds and the Bridges of Aberdeen Heritage Trust.
- 3.31 These accounts are subject to the same audit process as the Council’s accounts, with the audited accounts and related auditor’s report being reported back to this committee on 26 June 2025 for approval prior to signature by the relevant officers.
- 3.32 Thereafter, they will be submitted to OSCR, no later than 31 December 2025.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

- 5.1 The preparation of the Annual Governance Statement is a part of the Council’s compliance with the CIPFA/SOLACE guidance on ‘Delivering Good Governance in Local Government’.
- 5.2 There are statutory requirements for the Council to produce and publish both unaudited and audited Annual Accounts within certain timescales and to a high standard in accordance with The Local Authority Accounts (Scotland) Regulations 2014, the CIPFA Code of Practice on Local Authority Accounting and generally accepted accounting practices. This is a major task which requires co-operation and input from a large number of people across all services of the Council. It is only with the commitment of all staff that these high standards and deadlines can be met.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.'

7. RISK

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	There is a risk that if reporting of annual accounts is not undertaken as required, the financial resilience of the Council is not maintained and that strategic priorities and outcomes have to be compromised in the future.	L	Comprehensive approach to preparing Annual Accounts to accounting standards and legislative requirements to ensure compliance and transparency for all stakeholders.	Yes
Compliance	Risk of legislation not being followed	L	Staff working with external audit to ensure compliance with legislation	Yes
Operational	Risk that the Finance systems could be disrupted	L	Digital strategy that includes regular and rigorous checks to protect the	Yes

			integrity of all systems.	
Financial	External audit reveals errors &/or adjustments	L	Officers discuss with Auditors throughout external audit process.	Yes
Reputational	Information contained in the Annual Accounts may cause damage to the Council's reputation	L	Independent examination by senior staff and external auditors	Yes
Environment / Climate	n/a	n/a	n/a	n/a

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	Financial reporting enables the delivery of the outcomes and regular performance reviews to ensure that the Council's stewardship and financial management are robust.
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	The Council continues to invest in and report on front-line services across its statutory responsibilities as well as capital infrastructure. Investment in the city will have a positive impact on the economy.
Prosperous People Stretch Outcomes	Robust and effective management and reporting of the Council's finances will ensure that services can continue to be provided
Prosperous Place Stretch Outcomes	Investment will enhance the place by creating a better and more vibrant city in which to live.
Regional and City Strategies	The information within this report supports Council, Regional and City Strategies by enabling financial planning, resource allocation and investment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Jonathan Belford, Chief Officer – Finance on 30 April 2025.
Data Protection Impact Assessment	Not required
Other	Not required

10. BACKGROUND PAPERS

- 10.1 Delivering Good Governance in Local Government, Framework (2016 Edition)' CIPFA & SOLACE, 2016;
- 10.2 'Delivering Good Governance in Local Government, Guidance Note for Scottish Local Authorities (2016 Edition)' CIPFA & SOLACE, 2016;
- 10.3 Aberdeen City Council Audited Annual Accounts 2023/24

11. APPENDICES

- 11.1 Appendix A – Aberdeen City Council Unaudited Annual Accounts 2024/25
Appendix B - Aberdeen City Council Registered Charities Unaudited Annual Report and Accounts 2024/25

12. REPORT AUTHOR CONTACT DETAILS

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