



Moray Council Emergency Cabinet

Wednesday, 01 July 2020

SUPPLEMENTARY AGENDA

The undernoted reports have been added to the Agenda for the meeting of the **Moray Council Emergency Cabinet** to be held at **Various Locations via Video Conference**, on **Wednesday, 01 July 2020** at **09:30**.

BUSINESS

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REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 01 JULY 2020

SUBJECT: UPDATE ON CHILDREN'S SOCIAL WORK AND CRIMINAL JUSTICE

BY: INTERIM CHIEF OFFICER, MORAY HEALTH AND SOCIAL CARE PARTNERSHIP

1. REASON FOR REPORT

- 1.1 To provide a position statement on Children and Families and Justice Social Work, including an overview of the National Context; the Local Context; The Independent Care Review; the current position in Moray; rationale for transformational change; reconnecting social work; and delegation of services to Moray Integration Joint Board.
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

- 2.1 It is recommended that the Emergency Cabinet:
- (i) agree to note the work being carried out to make improvements to the service; and
 - (ii) continue with the programme which will seek agreement at a future date to delegate Children's Social Work and Criminal Justice to the MIJB (Moray Integration Joint Board).

3. BACKGROUND AND CONTEXT

- 3.1 The Scottish Government National Performance Framework sets out the ambitions of the Scottish Government underpinned with the values of treating all people with kindness, dignity and compassion; with respect for the rule of law; and to act in an open and transparent manner. The national outcome most relevant to Children and Families and Justice social work is that people grow up loved, safe and respected so that they realise their full potential.

- 3.2 The Moray Children's Service Plan 2020-23 has now been submitted to the Scottish Government in draft form, as requested in May 2020. Supporting feedback will be provided to local areas.
- 3.3 The Children and Young People's Scotland Act 2014 requires local authorities and health services to lead the development of the plan and its scope should include all children's services provided by the local authority and health board and other services that fall into the category of children's e.g. schools, health visiting youth groups, social work and related services such as alcohol and drugs services and leisure services. It also includes the third sector and voluntary organisations and private services commissioned, and other public sector organisations such as Police and Scottish Fire and Rescue Services.
- 3.4 It covers children from birth to 18 (and up to 26 for young people with care experience).

3.5 **The vision is:**

"Children have the right to lives, communities where their voice is heard and they are built up to be all they can be". This was developed alongside our partners and Moray Youth Matters Forum

The plan is informed by a joint strategic needs analysis, supported through the "Realigning Children's Services" programme.

This has included a wellbeing survey across primary and secondary schools, p4-7 and s1-4, completed by 5,250 children and young people; 105 surveys completed by parents of nursery- aged children; surveys from 194 nursery and p1-3 children, Moray Youth Matters; stake holder workshops; and engagement with workforces at Moray Council and Baxter's at Fochabers.

3.6 **Key rights based themes emerged:**

- right to feel happy, respected, supported, safe and confident
- opportunities to be the best they can be
- supported to learn
- live in a community that builds them up

3.7 **Four high level priorities have been identified for the Children's Services Plan to focus on**

1. Wellbeing of children and young people is improved
 - a. emotional and mental development
 - b. physical wellbeing
 - c. social wellbeing
2. Children and young people are safe and free from harm
 - a. safe in their communities
 - b. impact of domestic abuse
 - c. impact of neglect
 - d. impact of parental substance use

3. Impact of poverty on children and young people is mitigated against
 - a. to address stigma
 - b. increase disposable income
 - c. overcome disadvantage
 4. Improve outcomes looked after and Care Experienced Children and Young People
 - a. stable and nurturing homes
 - b. positive educational outcomes
 - c. improved wellbeing
 - d. criminal and youth justice
- 3.8 The ambition of the plan is to be dynamic and responsive and adaptable, particularly important in the current COVID-19 social circumstances.
- 3.9 The GIRFEC Leadership Group (GLG) which comprises of heads of service from Education, Health, Social Work, Third Sector representatives, Police Scotland will have oversight of the delivery of this plan.

4. **THE INDEPENDENT CARE REVIEW**

- 4.1 The Independent Care Review was launched in 2016 with the aim of identify and delivering lasting change in Scotland's Care System, to leave a legacy that will transform the wellbeing of infants, children and young people.
- 4.2 The final suite of reports was published in February 2020 and represents one of the most significant pieces of work to inform social work and its impact on children and families since the Kilbrandon Report in 1964 which led to the Social Work (Scotland) Act 1965.

www.carereview.scot/conclusions/independent-caer-review-reports/

- 4.3 "The Promise" report urges Scotland to build on foundations of:

Voice – really listening and making sure children are included in decisions about their lives

Family – where children are living with their family, and are safe and feel loved, they should stay there; and families should be given all of the help need to stay together.

Care – Where children can't live with their family, they must stay with brothers and sisters, where it is safe to do so, and they should also belong to a loving home, staying there for as long as is needed.

People – Relationships are important, and adults must make sure that children are able to stay close to the people they want. They should also help children to make new relationships too.

Scaffolding – Help and support must be there when it is needed, for children and adults too. It needs to be responsive, and ready when it is required.

The Independent Care Review provides an analysis of the cost to children and young people in terms of life outcomes, if they become looked after. For example for children who are looked after are almost and a half more times more likely to have unauthorised absences from school; almost two and a half times more likely to be excluded from school; almost one and a half times more likely to have anxiety all by the age of sixteen. But these costs are life-long costs. Care experienced adults are for example three times more likely not to have had a full time job by the age of 26; over one and a half times to have financial difficulties; more than twice as likely to experience homelessness; almost twice as likely to have poor health; almost twice as likely to have no internet access at home; and over one and a half times to experience severe multiple disadvantage (homelessness, substance misuse, offending, mental ill health).

- 4.4 The financial analysis done to attempt to describe the cost of the failure demand at a national level becomes startling. It is estimated that nationally £942M is investing in the current care system, alongside £198M in universal services. £875M is spend meeting needs that have arisen due to the system having failing them in, for example, mental health and homeless services. It is estimated that £732M is lost to the economy in lost tax and national insurance due to care experienced young people having lower income as adults. Due to there being a reduced service available from our Research & Information Officers it is not possible at this stage to see how this might look in Moray, though it would be reasonable to anticipate the proportion of spend would be similar but on a pro-rotas basis.
- 4.5 The Independent Care Review offers a powerful quote to contextualise the current care situation. “The care system is a complex, fragmented, multipurpose and multifaceted entity which does not lend itself to easy identification. Its roots and branches are underpinned by 44 pieces of legislation, and 19 pieces of secondary legislation, 3 international conventions and straddle 6 out of 9 Scottish policy areas. It is NOT a care system. It is a labyrinth of legislation, policy and practice, reflective of how rules and systems have evolved over decades, often in response to changes the system required. It does not reflect the needs of Scotland children’s or their journey into adulthood”. (Page 92).

www.carereview.scot/wp-content/uploads/2020/02The-Rules_pages.pdf

5. THE MORAY POSITION

- 5.1 Monthly performance meetings are now established to review the services’ performance and to identify areas for improvement. As at 31st March 2020 there are 18293 children 0 to 17 living in Moray, 1780 attend early learning and children care, 6987 attend primary school and 4940 attend secondary school.
- 5.2 There are 583 children who are in direct contact with Social Work service, 92 young people who have been previously looked after and remain eligible for After Care support remain in contact the service.

Snapshot As at 31 March	2017/18 (1 April to 31 March)	2018/19 (1 April to 31 March)	2019/20 (1 April to 31 March)
Looked after at home	45	46	36
Looked after away from home	173	167	153
Residential care in Moray*	23	24	23
residential care out of area	23	23	17
Foster care in Moray	63	62	49
Foster care out of area	14	13	10
Kinship care	44	39	47
Prospective adopters	6	6	6
Number of children on the cp register	59	53	36
Number of young people in supported lodgings	6	7	8
Numbers of foster carers	54	51	43
Number of children adopted	7	6	8

- 5.3 *This includes 7 children that use residential respite regularly and so are regarded as looked after due to the number of nights over a year they stay away from their families.
- 5.4 The number of children on the Child Protection register continues to fall. However in terms of our looked after children, we must aim to make our performance closer to that of our comparative authorities. Wherever possible our ambition, informed by the Independent Care review should be to support children to remain with their families with the right support to enable this to happen.
- 5.5 For those children who are not able to remain with their families, we must make sure they can remain together in a family with their brothers and sisters. We currently have less children looked after at home, compared to those looked after away from home, and we would want this balance to reverse.
- 5.6 Our data also tells us that when our children aren't able to stay with their own families, we need to make sure that we offer them a settled and stable alternative to this. Whilst we are increasing the number of children who are in kinship care we have some of the highest incidents of children living in more than one placement over a year. (So we are 29 out of 32 local authorities in Scotland).

- 5.7 This clearly is an area that requires improvement so that children who have already experienced significant adversity prior to not living at home with their families are not further disadvantaged by having to form and end relationships with other adults who care for them. Compared to the rest of Scotland we should aim to have less of our children in residential settings and more in family based placements, preferably in Moray, so where appropriate, relationships with their families can be nurtured and maintained.
- 5.8 The budget allocated to Children and Families and Justice Social Work 2020-2021 is £18,840,960 which includes funding for the out of hours service, which also covers Adult Social Work services, and Criminal Justice social work which is funded through a direct grant to the Local Authority specifically for the Criminal Justice function. In 2019-2020 the total budget was underspent by £846k.
- 5.9 There is a need to make sure that the budget allocated is being spent in the right way to reflect a different approach to supporting families so that we can improve outcomes for them and their families. Single out of area placements in residential care or secure area are expensive, on average £4200 per week. In these cases high costs do not equate to better outcomes for children.

6. THE NEED FOR TRANSFORMATIONAL CHANGE

- 6.1 Improving outcomes for our most vulnerable children and families, to meet the ambitions contained in the national performance framework, and our Moray Children's Services plan 2020-23, the Independent Care Review's Promise requires a shift in approach of how we work with families to one which focuses on family strengths and assets, recognising the enduring and lifelong nature of family relationships which need to be nurtured and enhanced. Family Based Decision Making is a well-supported way of working (in the 1990s, Moray was an early adopter of this approach in conjunction with Children First) which is used by a number of Scottish local authorities to enable families to identify what support they need to look after their own children.
- 6.2 The Social Care (Self Directed Support)(Scotland) Act 2013 also emphasises the importance of focussing of outcomes and people having choice as to how support to meet these outcomes can be offered. Often, this has focussed on Direct Payments to families who have a child with a disability rather than more meaningful choice to families who may need ongoing support to be the kind of parents they would want to be.
- 6.3 As well as calling for a different approach to Social Work that focusses on family relationships and shifting professional power balance; treating children and families with respect and as equal, a shift in practice model also requires a shift in how we commission on a strategic and individual basis. With a stronger focus on localised intensive family and community based support, we also need to make sure that when we are giving money to residential providers that they are working with us to ensure our children and young people are provided with the best and possible opportunities to grow and develop.

- 6.4 The third element requiring attention is how we support our communities to care for our children through Foster Care and Kinship Care; to develop confidence in caring for our children who have the most disruptive start to their lives.
- 6.5 The system wide changes in culture and practice will not be made quickly. A transformational change plan has been developed to support the changes required which forms part of the Council's Improvement and Modernisation Programme.

7. RE-CONNECTING SOCIAL WORK

- 7.1 The Independent Care Review identifies that Scotland must recognise that there are some families experiencing particular issues that are much more likely to come into contact with the "care system", for example parents with learning disabilities have a significant likelihood of their children being removed from their care with them often reporting they are not always clear why the decision was taken. Research repeating evidences that parents with learning disabilities can and do become good parents with the right support and this support requires to be long term and at times intensive, and specific and supportive, building on their capabilities as parents.
- 7.2 There is significant research on the impact of and relation between substance use, mental health difficulties, domestic abuse, and the likelihood of children being removed from the care of their parents. Families experiencing these issues need to be supported in creative, and relational ways there must be a shared language of care and support between services and professionals so that families are not navigating competing standards and expectations.
- 7.3 This begins to provide a compelling rationale for children and families and Justice Social Work to come together within the same leadership, management and delivering model and to strength professional practice to support the delivery of better outcomes for their children and families.

8. DELEGATION OF CHILDREN AND FAMILIES AND JUSTICE SOCIAL WORK TO MORAY INTEGRATION JOINT BOARD

- 8.1 A review of the Council's senior management structure was commissioned and reported on 2019. Within it a series of recommendations was made with the aim of strengthening leadership and management structure within the Council whilst identifying opportunities for financial efficiencies.
- 8.2 In relation to children and families and Justice Social Work it was highlighted that there were opportunities to strengthen the professional leadership and governance of the statutory function of social work, by having it in a single structure rather than between Social Work function for adults being in the MIJB and Children and Families and Justice Social Work being in the then directorate Education and Social Care, held within Integrated Children Services.
- 8.3 The interim Head of Integrated Children's Service post became vacant in June 2019. A joint interim appointment was made with one post holder being

allocated responsibility for the Social Work element of the post and the other being allocated additional support needs, early engagement and intervention, and locality management, for an appointment period for 6 to 12 months.

- 8.4 The full Council meeting in September 2019 was presented with the restructuring model that proposed removing the position of Director of Education and Social Care and to begin discussions with NHS Grampian and MIJB to delegate services within 6 to 12 months. This led to the Interim Head of Service now responsible for Children and Families and Justice Social Work reporting directly to the Chief Executive. A decision was made at CMT in November 2019 that the Chief Office for Health & Social Care Moray would offer line management and support to the Head of Service role whilst discussions for delegation of services commenced.
- 8.5 Moray Council on 27 November 2019 (para 22 of the minute refers) and NHS Grampian on 5 December 2019 (para 11 of the minute refers) agreed to proceed to the next steps of assessing the potential of delegating the above services to the MIJB, within a 12-18 month time frame, with a shadow period being part of this assessment. The ambition is for this to be complete for 1 April 2021, for the new arrangements to align with the start of the financial year. However, this may need to remain open to review, given the current public health situation and resultant change in priorities.

9. MORAY COUNCIL SERVICES AND SCOPE FOR DELEGATION

- 9.1 The following services and functions are in scope for delegation: social work to children and families including functions and work associated with access; child wellbeing and protection; child in need; child with disabilities; looked after children; fostering; adoption; through care and after care; kinship care; supported lodgings; Cala Residential Unit; Youth Justice; Out of Hours Social Work; Criminal Justice Services including Court Social Work service; unpaid work; community payback; diversion for prosecution; drug treatment orders; reports and risk assessments; Multi-Agency Public Protection Arrangements; commissioning and contract monitoring; quality assurance. Other functions requiring to be discussed further include social work training and the role of locality management.

10. GOVERNANCE

- 10.1 The Interim Head of Children and Families and Justice Social Work reports to the Chief Officer for HSCM, as part of the “shadow arrangement” and is part of the Senior Management Team. This has been in place since April 2020.
- 10.2 Responsibility for these services and functions remain with the council’s Chief Executive as Head of Paid Service and Moray Council until any revised Integration Scheme has received approval from the Scottish Government. The Chief Social Work Officer retains responsibility and accountability for the professional governance of social work across Moray Council.
- 10.3 Governance and Accountability and responsibility for the service remains with the Council. The Children and Young People’s Committee remains the route for reporting from the service.

11. TIMELINE

- 11.1 Advice has been sought from Scottish Government Health and Social Care Directorate in early May 2020 to ascertain the process and time frames required to enable the Integration Scheme to be approved for 1 April 2021, if that is agreed by NHS Grampian and Moray Council. The outcomes of this meeting will now form part of the timeline so that the plan can be developed to ensure the work required can be identified, allocated and progressed.
- 11.2 Progression of the proposal to delegate services to MIJB will require allocation of resources from the local authority to enable this work to be completed, including appropriate project management officer time, human resources, organisational development and legal and financial services resources; the council's legal team have consistently advised that the work required to ensure due diligence will be considerable, and this may not be possible to be undertaken within current resources.

12. DEVELOPMENT OF THE PROGRAMME OF WORK

- 12.1 A project board needs to be established in order to have adequate oversight of progress and to support officers in their work. The project board will need to include how and to where any risks and issues will be escalated and dealt with and how the final scheme will be agreed prior to submission to the Scottish Government.
- 12.2 Work streams will be established to consider the following areas: Joint Resources and Financial Planning; Governance and Accountability; and Staffing and Organisational Change.

13. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Moray Local Outcomes Improvement Plan (10 Year Plan) prioritises building a better future for our children and young people in Moray.

(b) Policy and Legal

Any change to the Moray Integration Joint Board Scheme of Delegation will require a formal process between the Council and NHS Grampian.

The Council has responsibilities and duties to children in need and at risk through the Children and Young People's (Scotland) Act 2014 and the Children (Scotland) Act 1995.

(c) Financial implications

Resources are required to move forward the programme of work required to prepare for potential delegation of services to the Moray Integration Joint Board. Whilst this can be managed within the existing budget envelope, this may have a knock on effect to other priorities that may then need resource to take forward.

There are potential significant efficiencies that can be realised by raising quality, and the primary driver must be to improve the service where better outcomes are produced.

(d) Risk Implications

The risk of not acting is significant, both for outcomes and the longer term sustainability of services.

(e) Staffing Implications

Staff need to be supported to make the improvements and so that they are confident in their practice at a time of change. This will result in us achieving really good outcomes for children and families.

(f) Property

There are no direct implications on property arising from this paper.

(g) Equalities/Socio Economic Impact

The focus of service delivery is designed to meet the needs of children and young people in Moray who are our most vulnerable, and who may have a number of complex needs.

(h) Consultations

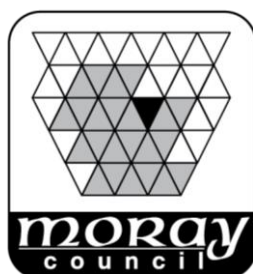
The Children's Plan and associated work to make improvements, along with the intent to continue the work towards delegation to the MIJB, has been discussed in the last quarter with the Partnership senior management team; the Partnership senior leadership group, and a formal paper presented to the MIJB.

14. CONCLUSION

14.1 The primary focus for Children's Social Work and Criminal Justice must be to make the necessary improvements to ensure that children and families are well supported, and that the outcomes for each individual maximises their potential.

14.2 The response to COVID-19 has required work to be reprioritised, and has had significant implications for capacity for both the Council and NHS. The Scottish Government have advised of the process required to amend the scheme of delegation which is significantly less onerous than creating the initial integration scheme. Nevertheless it is not yet possible to establish if the timescales of the work being completed for April 2021 are realistic particularly in relation to negotiations concerning finance; legal due diligence; workforce engagement consultation; and agreements from the NHS Board and Council.

Author of Report: Joyce Johnstone
Background Papers:
Ref:



REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: UNAUDITED ACCOUNTS FOR 2019/20

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 The Emergency Cabinet is asked to consider the unaudited Annual Accounts for the year to 31 March 2020 for both the Moray Council and the Connected Charity Trust Funds administered by the Council.
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

- 2.1 It is recommended that the Emergency Cabinet considers and notes:
- (i) the unaudited Annual Accounts for Moray Council for the year ended 31 March 2020; and
 - (ii) the Moray Council Connected Charity Trust Funds Trustees' Report and Financial Statements for the year ended 31 March 2020.

3. BACKGROUND

- 3.1 The unaudited Accounts for 2019/20 for the Council and for the Connected Charity Trust Funds administered by Moray Council will be posted to the Council's website after this meeting.

Moray Council Annual Accounts

- 3.2 These accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2-16/17 (the Code) which is underpinned by International Financial Reporting Standards (IFRS). They

summarise the Council's financial transaction for the year to 31 March 2020 and give a snapshot of the Council's net financial worth as at 31 March 2020.

- 3.3 The regulations require the unaudited Annual Accounts to be presented to the external auditor by 30 June and for the Council to consider before 31 August. The regulations have been relaxed in response to the COVID-19 pandemic but the relaxations mainly relate to the timing on the audit. The inspection period for the accounts, with the agreement of our external auditor, has been delayed to ensure that the advertised period is complied with. This was a risk mitigation and in fact the accounts have been prepared within the normal statutory limits, albeit only just.
- 3.4 The Code requires the Council to set out a statement not only of its own financial position but also of the financial position of all the entities or activities for which the Council is responsible or in which it has a significant financial interest. These entities are encompassed in the Group Accounts, which are included in the Annual Accounts. The Group Accounts for 2019/20 include Trust Funds and Common Goods as entities or activities for which the Council is responsible and the Moray Integration Joint Board, Grampian Valuation Joint Board and Moray Leisure Limited as associate bodies.
- 3.5 There are four core statements in the Annual Accounts: the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement. These are considered below.
- 3.6 **The Comprehensive Income and Expenditure Statement** expresses the income and expenditure of the Council over the past financial year in a format which complies with IFRS. This includes entries relating to revaluation of assets and other entries which, by statute, cannot be a charge to the Council Tax payer.
- 3.7 The Statement shows a surplus of £42,099,000, which includes a net increase of £12,179,000 for the revaluation of the Council's assets plus a decrease for the re-measurement of the liability for the Council's defined benefit pension fund of £21,437,000. This leaves a deficit on the Provision of Services of £8,483,000. After adjustment for items not chargeable to Council Tax or to housing rent payers, this "book deficit" equates to a surplus of £9,162,000. This is reflected in the Movement in Reserves Statement.
- 3.8 **The Movement in Reserves Statement** shows the movement on the different reserves held by the Council, analysed into unusable and usable reserves.
- 3.9 Unusable reserves arise from accounting entries required to comply with IFRS but which cannot impact on the level of Council Tax or housing rent payable.
- 3.10 Usable reserves align with the basis on which the Council sets its budgets. They therefore show the direct financial impact for the Council Tax payer and Council house tenant of the financial activities of the past year.
- 3.11 As noted in paragraph 3.7, usable reserves increased by £9,162,000. The largest part of this comprises an increase in General Fund reserves in

2019/20 of £6,131,000. Note 13 to the Accounts shows an analysis of the General Fund balance, which consists of a free reserve, the Devolved School Management (DSM), balance and various ear-marked or otherwise restricted funds.

- 3.12 The DSM balance increased by £456,000. Under the DSM scheme schools may carry forward unspent balances of up to 2.5% of the devolved budget or overspends of up to 5%. At the year end a number of schools had underspends in excess of this amount, due to the closure of schools following lockdown and the subsequent inability of suppliers to deliver goods which had been ordered towards the end of the financial year. The funds had been committed but cannot count as expenditure in the financial year as the goods had not been received. One school had an overspend in excess of 5% due to a concatenation of unusual circumstances during the year, relating to staff illnesses and changing roll numbers. A recovery plan is in place. In normal circumstances such departures from the DSM scheme would be reported to Children and Young People's Services Committee requested permission to carry forwards the amounts. Due to COVID-19 restrictions that was not possible and approval was required before the accounts were prepared in order that carry forwards could be recognised appropriately. In recognition of the mitigating circumstances the Chief Executive exercised his delegated powers under paragraph 5(7) of the Scheme of Delegation to authorise these carry forwards.
- 3.13 Ear-marked reserves are held for the expansion of Early Learning and Childcare (ELC) and for the Pupil Equity Fund (PEF). In both instances funding is given on a financial year basis and spent on an academic year basis, resulting in balances held at the year end of funds given for specific purposes. The movement on the funds at the year end was ELC increase of £364,000 and PEF increase of £77,000.
- 3.14 A new ear-marked reserve was approved by Policy and Resources Committee on 3 September 2019 for council priorities and financial stability. As approved by Policy and Resource Committee on 3 September 2019 and council on 12 February 2020 (minute refs) £2.881 million was transferred into the ear-marked reserve.
- 3.15 The balance of the General Fund is the free reserve. When the budget for 2020/21 was approved on 3 March 2020, it was estimated that there would be a free reserve of £10,004,000. The actual result for the year is a balance of £13,640,000 in free reserves. A full report on the budget variances for the year will be made to Council on 2 September. The main variance contributing to the difference is £1.8 million income to be retained under the Business Rates Incentivisation Scheme (this was notified to the Council in April 2020). The Council had also received additional funding totalling £1.2 million for a variety of initiatives. The funding was not spent in 2019/20 but at least some will be required in 2020/21. This will be assessed with departments and reported to members.
- 3.16 **The Balance Sheet** summarises the Council's assets and liabilities as at 31 March 2020. This includes pension liabilities falling due in future years, which will be financed by pension contributions through the Council's revenue expenditure. Assets of £959 million are partially offset by liabilities of £448

million, leaving a net worth of £512 million, which represents the total value of the Council's usable and unusable reserves. Assets and liabilities are measured by a variety of means and the COVID-19 outbreak means that there is less certainty around some of the estimations than would normally be the case.

- 3.17 **The Cash Flow Statement** shows the movement in cash and cash equivalent during the financial year, a decrease of £2 million.

Connected Charity Trust Funds administered by the Council

- 3.18 All 26 councillors as trustees are responsible for preparing the Trustees Annual Report and the Financial Statements in accordance with applicable law and regulations. The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.
- 3.19 The financial statements for the Connected Charity Trust Funds have been prepared under the historic cost convention modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice 2015 (FRS 103), commonly referred to as the Charities SORP.
- 3.20 In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the trust funds for which the Council acts as sole trustee are connected charities. As such the accounts for these individual charities have been prepared on a collective basis.
- 3.21 During the year one trust was transferred into the Moray Council Charitable Trust. Moray Council now administers 29 registered charitable trusts for which it is sole trustee, with a total net worth at 31 March 2020 of £868,000.
- 3.22 Separate financial statements covering all the Council's charitable trusts are published on the Council's website.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The unaudited Annual Accounts have been completed within the target timescale.

(b) Policy and Legal

The Local Authority Accounts (Scotland) Regulations 214 require a local authority to submit a set of accounts to its external auditor by 30 June and for the Council to consider these before 31 August.

The Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which is underpinned by IFRS.

The Connected Charities unaudited financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the provisions of the trusts deeds.

(c) Financial implications

The Annual Accounts provide extensive information about the Council's and its Connected Charity Trust Funds' financial position at 31 March 2020

(d) Risk Implications

There are no risk implications arising directly from this report. The Annual Accounts will be subject to an audit by the Council's external auditors, Audit Scotland, who will provide assurance that the accounts for 2019/20 give a true and fair view of the financial position and income and expenditure of the Council and its Group for the year.

Audit Scotland will also audit the Council's Connected Charity Trust Funds Trustees' Report and Financial Statements and provide a report to members on their findings.

(e) Staffing Implications

Many staff across the Council provide information for inclusion in the Annual Accounts. The process commences before March and is only completed once the audit of the Accounts is finalised, which this year is anticipated to be in November.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues or impact on the socio-economic duty arising directly from this report.

(h) Consultations

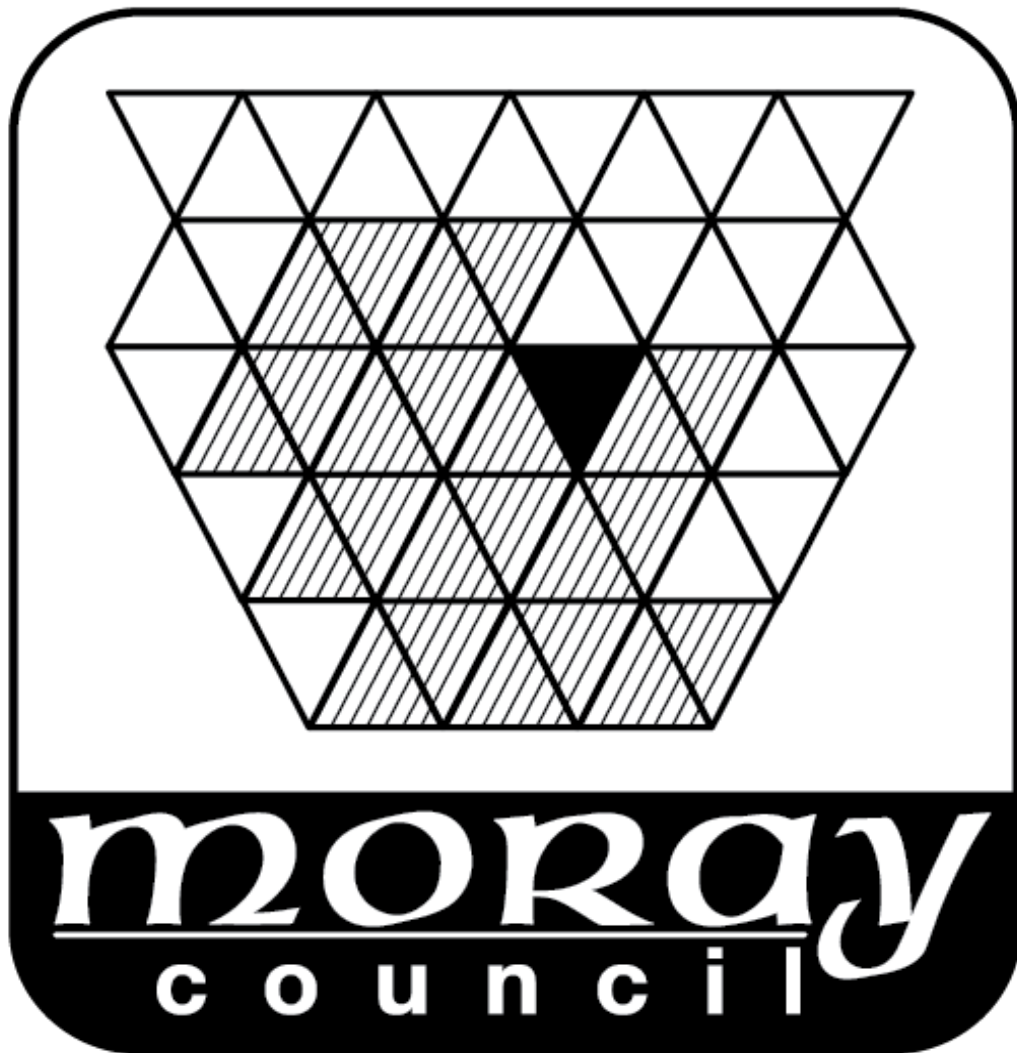
Members of CMT have been consulted in the preparation of this report.

5. CONCLUSION

- 5.1 The unaudited Annual Accounts shows the Council's financial position as at 31 March 2020. The audited accounts for 2029/20 will be submitted to a Council meeting in November 2020 along with any findings and recommendations from our external auditors, Audit Scotland.**

Author of Report: Lorraine Paisey, Chief Financial Officer
Background Papers:
Ref:

UNAUDITED ACCOUNTS



ANNUAL ACCOUNTS FOR
THE YEAR ENDED

31 MARCH 2020

If you need information from Moray Council in a different language or format, such as Braille, audio tape or large print, please contact:

إذا كنتم في حاجة إلى معلومات من قبل مجلس موراي وتكون بلغة مختلفة أو على شكل مختلف مثل البراي، أسطوانة أوديو أو أن تكون مطبوعة باستعمال حروف غليظة فالرجاء الإتصال ب

Jeil pageidaujate tarnybos Moray tarybos teikiamą informaciją gauti kitokiu formatu, pvz., Brailio raštu, garso įrašū ar stambiu šriftu, kreipkitės:

Jeśli potrzebują Państwo informacji od Rady Okręgu Moray w innym formacie, takim jak alfabet Braille'a, kasety audio lub druk dużą czcionką, prosimy o kontakt:

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Ja Jums vajadzīga informācija no Marejas domes (*Moray Council*) citā valodā vai formātā, piemēram, Braila rakstā, audio lentā vai lielā drukā, sazinieties ar:

اگر آپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً" بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں:



Head of Financial Services, High Street
Elgin, IV30 1BX



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accountancy.support@moray.gov.uk

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Statement of Responsibilities for the Annual Accounts

The Council's Responsibilities

The Council is required to:

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

I confirm that these Unaudited Annual Accounts were approved by the Moray Council Emergency Cabinet at its meeting on 1st July 2020.

Signed on behalf of Moray Council.

Councillor Graham Leadbitter
Leader of the Council

1 July 2020

The Chief Financial Officers' Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Accounting Code).

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

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

The Chief Financial Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Council and its Associates at the reporting date and the transactions of the Council and its Associates for the year ended 31 March 2020.

Lorraine Paisey CA
Chief Financial Officer

1 July 2020

Annual Governance Statement (continued)

Annual Governance Statement (continued)

Annual Governance Statement (continued)

Annual Governance Statement (continued)

Annual Governance Statement (continued)

.....
Councillor Graham Leadbitter
Leader of the Council

.....
Roderick D Burns
Chief Executive

1 July 2020

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No. 1985/267) and require Local Authorities in Scotland to prepare a Remuneration Report as part of the statutory Annual Accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on page 24, will be audited by the appointed auditors, Audit Scotland, and the information reviewed by them to ensure it is consistent with other sections of the Annual Accounts.

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

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Convener are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2019. The salary for the Leader of the Council is £29,119 per annum (2018/19 £28,326) and for the Convener is £21,840 per annum (2018/19 £21,245).

In terms of the same Regulations, the Scottish Government permits Moray Council to nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Convener) whose salaries in aggregate must not exceed a specified amount, currently £176,895 (2018/19 £172,076) and whose salaries individually must be on a specified scale, currently £17,470 to £21,840 (2018/19 £16,994 to £21,245).

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

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Convener and any Councillor designated a Senior Councillor. In 2019/20, Moray had eight Senior Councillors, (seven committee chairs and the Leader of the largest opposition group), each paid a salary of £21,840 per annum (2018/19 £21,245). The Convener of the Grampian Valuation Joint Board is also the Leader of the Council so no reimbursement for an additional responsibility allowance was required to be paid by the Board in 2019/20. The Chair of the Moray Integration Joint Board was also the Convener of Moray Council in 2019/20 and as she already received a Senior Councillor salary then no additional payment was required.

Table 1 shows the relevant amounts, before tax and other deductions, for each of the persons named for the year 31 March 2020. All salaries are paid monthly.

Remuneration Report (continued)

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

Councillor Name	Responsibility	Total Remuneration 2018/19 £	Salary, Fees and Allowances £	Total Remuneration 2019/20 £
Graham Leadbitter	Leader of the Council and Chair, Economic Development and Infrastructure Committee. Convener of Grampian Valuation Joint Board	26,910	29,119	29,119
Shona Morrison	Convener of the Council and Chair, Moray Integration Joint Board	20,820	21,840	21,840
David Bremner	Chair, Planning and Regulatory Services Committee	16,996	21,840	21,840
Paula Coy	Convener, Police, Fire and Rescue Services	16,996	21,840	21,840
Timothy Eagle	Leader of the largest Opposition Group	21,245	21,840	21,840
Donald Gatt - Note 1	Chair, Audit and Scrutiny from 8 May 2019	-	19,609	19,609
Louise Laing	Chair, Communities Committee	16,996	21,840	21,840
Aaron McLean	Chair, Policy and Resources Committee	21,245	21,840	21,840
Amy Taylor	Chair, Licensing Committee	16,996	21,840	21,840
Sonya Warren	Chair, Children and Young People's Services Committee	16,996	21,840	21,840
Total		175,200	223,448	223,448

No taxable expenses were paid in 2019/20.

Note 1: Councillor MacRae stepped down from his position as Chair of the Audit and Scrutiny Committee on 29th March 2019. This position was vacant until Councillor Gatt was appointed as Chair from 8th May 2019.

Remuneration Report (continued)

TABLE 2: Remuneration paid to Councillors

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

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

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

Type of Remuneration	2018/19	2019/20
	£	£
Salaries	491,860	501,151
Expenses	31,064	25,584
Total	522,924	526,735

Remuneration Policy for Senior Officers

The salaries of Senior Officers are set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities. Circular CO/150 was issued on 04 March 2019 and covers salary scales to be paid to Chief Officers for the period of 1 April 2018 to 31 March 2021. Corporate Directors receive 84% of the Chief Executive's salary. Moray Council does not pay bonuses or performance related pay.

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

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

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. Remuneration details are shown in Table 3. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2020. Salaries are paid monthly.

Remuneration Report (continued)

TABLE 3: Remuneration of Senior Employees of the Council

		£	£	£
Roderick D Burns	Chief Executive	109,737	112,839	112,839
Rhona Gunn	Corporate Director (Environmental Services) until 30th September 2019. Depute Chief Executive for Economy, Environment and Finance from 1st October 2019.	92,338	95,519	95,519
Denise Whitworth	Corporate Director (Corporate Services) until 30th September 2019. Depute Chief Executive for Education, Communities and Organisational Development from 1st October 2019.	92,356	100,916	100,916
Graham Jarvis	Acting Corporate Director (Education and Social Care) retired 4.8.19	81,082	35,037 (Full year equivalent £94,869)	35,037 (Full year equivalent £94,869)
Alasdair McEachan	Head of Legal Services (Monitoring Officer) until 30th September 2019. Head of Governance, Strategy and Performance from 1st October 2019.	77,261	79,775	79,775
Lorraine Paisey	Head of Financial Services (s95 Officer) until 30 September 2019. Chief Financial Officer from 1st October 2019.	77,268	79,458	79,458
Total		530,042	503,544	503,544

No taxable expenses were paid in 2019/20.

The Council undertook a Senior Management restructure during 2019/20 and changes were implemented on 1st October 2019. The table above reflects the changes in senior management positions.

Note 1: Graham Jarvis retired as Acting Corporate Director (Education and Social Care) on 4th August 2019. No replacement was made and the Council deleted this post on 1st October 2019 as part of the senior management restructure.

Remuneration Report (continued)

Pension Entitlement

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

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

A LGPS member's contribution depends upon his or her full time equivalent pay. The tables of rates for 2018/19 and 2019/20 are shown below and can be found on the LGPS website: <http://scotlgps2015.org/content/what-will-new-scheme-cost-me>

Tiered Contribution Pay Rates

Whole time pay 2018-19	Contribution rate 2018/19	Whole time pay 2019-20	Contribution rate 2019/20
On earnings up to and including £21,300	5.50%	On earnings up to and including £22,441	5.50%
On earnings above £21,300 and up to £26,100	7.25%	On earnings above £22,442 and up to £29,193	Between 5.6% - 6.0%
On earnings above £26,100 and up to £35,700	8.50%	On earnings above £29,194 and up to £36,652	Between 6.1% - 6.5%
On earnings above £35,700 and up to £47,600	9.50%	On earnings above £36,653 and up to £51,713	Between 6.6% - 7.5%
On earnings above £47,600	12.00%	On earnings above £51,714 and up to £58,259	Between 7.6% - 8.0%
		On earnings above £58,260 and up to £78,008	Between 8.1% - 9.0%
		On earnings above £78,009 and up to £118,012	Between 9.1% - 10.0%
		On earnings above £118,013	10.1% and over

The value of benefits in Tables 4 and 5 attached have been provided by the North East Scotland Pension Fund (NESPF) and are calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date; without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

Remuneration Report (continued)

TABLE 4: Senior Councillors

The pension entitlements for Senior Councillors for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Councillor Name	Responsibility	In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2019	For the year to 31 March 2020		As at 31 March 2020	Difference from March 2019
		£	£		£'000	£'000
Graham Leadbitter	Leader of the Council and Chair, Economic Development and Infrastructure Committee. Convener of Convener of the Council	5,194	5,620	Pension Lump Sum	5	1
				Pension Lump Sum	2	1
Shona Morrison	Integration Joint Board Chair, Planning and Regulatory Services Committee	4,018	4,215	Pension Lump Sum	1	1
				Pension Lump Sum	-	-
David Bremner	Convener, Police, Fire and Rescue Services	3,280	4,215	Pension Lump Sum	1	1
				Pension Lump Sum	-	-
Paula Coy	Leader of the largest Opposition Group	3,280	4,215	Pension Lump Sum	1	-
				Pension Lump Sum	-	-
Timothy Eagle	Chair, Audit and Scrutiny from 8 May 2019	4,100	4,215	Pension Lump Sum	1	1
				Pension Lump Sum	-	-
Donald Gatt	Chair, Communities Committee	-	3,785	Pension Lump Sum	1	-
				Pension Lump Sum	-	-
Louise Laing	Chair, Policy and Resources Committee from	3,280	4,215	Pension Lump Sum	1	1
				Pension Lump Sum	-	-
Aaron McLean	Chair, Licensing Committee	4,100	4,215	Pension Lump Sum	3	-
				Pension Lump Sum	-	-
Amy Taylor	Chair, Children and Young People's Services Committee	3,280	4,215	Pension Lump Sum	1	1
				Pension Lump Sum	-	-
Sonya Warren		3,280	4,215	Pension Lump Sum	2	-
				Pension Lump Sum	-	-
Total		33,812	43,125		19	7

Remuneration Report (continued)

TABLE 5: Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

Name	Post Title	In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2019 £	For the year to 31 March 2020 £		As at 31 March 2020 £'000	Difference from March 2019 £'000
Roderick D Burns	Chief Executive	21,173	21,775	Pension	60	3
				Lump	112	3
				Sum		
Rhona Gunn	Corporate Director (Environmental Services) until 30th September 2019. Depute Chief Executive for Economy, Environment and Finance from 1st October 2019.	17,814	18,429	Pension	30	3
				Lump	32	1
				Sum		
Denise Whitworth	Corporate Director (Corporate Services) until 30th September. Depute Chief Executive for Education Communities and Organisational Development from 1st October 2019	17,817	19,471	Pension	41	3
				Lump	67	2
				Sum		
Graham Jarvis	Acting Corporate Director (Education and Social Care) retired 4.8.19	15,649	6,340	Pension	57	3
				Lump	118	4
				Sum		
Alasdair McEachan	Head of Legal Services (Monitoring Officer) until 30th September 2019. Head of Governance, Strategy and Performance from 1st October 2019.	14,905	15,331	Pension	28	2
				Lump	37	1
				Sum		
Lorraine Paisey	Head of Financial Services (s95 Officer) until 30 September 2019. Chief Financial Officer from 1st October 2019.	14,907	15,331	Pension	31	2
				Lump	49	1
				Sum		
Total		102,265	96,677		662	28

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

Remuneration Report (continued)

Remuneration of Officers receiving more than £50,000

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

TABLE 6: General Disclosure by Pay Band

Remuneration Band	Number of Employees	
	2018/19	2019/20
£50,000-£54,999	64	112
£55,000-£59,999	22	48
£60,000-£64,999	20	30
£65,000-£69,999	6	13
£70,000-£74,999	4	3
£75,000-£79,999	7	7
£80,000-£84,999	-	4
£85,000-£89,999	1	1
£90,000-£94,999	4	-
£95,000-£99,999	-	1
£100,000-£104,999	-	1
£105,000-£109,999	1	-
£110,000-£114,999	-	1
Total	129	221

Exit Packages of Employees

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

Remuneration Report (continued)

TABLE 7: Exit Packages

Banding	2018/19			2019-20		
	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Cost £	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Cost £
£0-£20,000	11	36	408,952	20	6	80,545
£20,001-£40,000	3	9	333,323	1	-	30,000
£40,001-£60,000	-	1	44,056	-	-	-
£60,001-£80,000	-	1	76,254	-	-	-
£80,001-£100,000	-	3	271,449	-	-	-
£100,001-£150,000	-	2	234,398	-	1	140,060
£150,001-£200,000	-	2	345,917	-	-	-
£200,001-£250,000	-	3	608,791	-	-	-
Total	14	57	2,323,140	21	7	250,605

Termination Benefits

During 2019/20 the Council terminated the contracts of 28 employees. The contracts were terminated as a result of either budget savings, the redesign of Council services or Council restructuring. The cost to the Council was £0.111m comprising £0.078m of redundancy payments (2018/19 £0.758m) and £0.033m of settlement costs for loss of employment (2018/19 £0.014m).

Payments to the pension fund for early retirement are not included in the termination benefits figures above.

Trade Union (Facility Time Publication Requirements) Regulations 2017

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

Table 8: Relevant Union Officials

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

Table 9: Percentage of Time Spent on Facility Time

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

Remuneration Report (continued)

Table 10: Percentage of Pay Bill Spent on Facility Time

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

Table 11: Paid Trade Union Activities

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

Councillor Graham Leadbitter

Leader of the Council

Roderick D Burns

Chief Executive

1 July 2020

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost for the year ended 31 March 2019 of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note 9.

2018/19 (restated Note 2)				2019/20			
Expenditure	Council Income	Net	Group Net	Expenditure	Council Income	Net	Group Net
£000	£000	£000	£000	£000	£000	£000	£000
71,676	(3,795)	67,881	68,031	76,937	(8,391)	68,546	68,673
25,523	(5,122)	20,401	20,401	25,208	(4,807)	20,401	20,401
21,303	(1,077)	20,226	20,227	20,540	(1,386)	19,154	19,201
12,976	(8,481)	4,495	4,495	16,476	(12,356)	4,120	4,120
50,876	(12,589)	38,287	38,358	51,498	(15,171)	36,327	36,362
5,571	(2,006)	3,564	3,564	5,798	(2,059)	3,739	3,739
6,375	(350)	6,025	6,025	6,589	(366)	6,223	6,295
24,709	(18,572)	6,137	6,137	21,520	(15,646)	5,874	6,602
3,051	(430)	2,621	2,621	2,917	(1,556)	1,361	1,361
13,415	(221)	13,194	13,245	5,084	(184)	4,900	4,900
97,834	(56,021)	41,813	42,380	103,794	(57,738)	46,056	46,056
23,900	(19,357)	4,543	4,543	19,886	(19,668)	218	218
357,209	(128,022)	229,187	230,025	356,247	(139,328)	216,919	217,928
			Cost Of Services				

Comprehensive Income and Expenditure Statement (continued)

2018/19 (restated Note 2)				2019/20			
Expenditure	Council Income	Net	Group Net	Expenditure	Council Income	Net	Group Net
£000	£000	£000	£000	£000	£000	£000	£000
357,209	(128,022)	229,187	230,025	356,247	(139,328)	216,919	217,928
			Cost Of Services				
		2,432	2,406			127	185
		15,875	15,364			15,571	16,977
			Financing and Investment Income and Expenditure (Note 14)				
		(227,955)	(227,955)			(241,100)	(241,100)
			Taxation and Non-Specific Grant Income (Note 15)				
		-	392			-	78
			Associates accounted for on an equity basis				
		19,539	20,232			(8,483)	(5,932)
			Deficit on Provision of Services				
		(43,166)	(43,282)			(12,179)	(18,937)
			(Surplus)/Deficit on revaluation of Property, Plant and Equipment (Notes 16 & 24)				
		-	(38)			-	384
			(Surplus)/Deficit on revaluation of available for sale financial assets				
		9,155	9,155			(21,437)	(21,437)
			Remeasurement of the net defined benefit liability (Note 29 & 43)				
		-	28			-	(206)
			Share of other Comprehensive (Income) and Expenditure of Associates				
		(34,011)	(34,137)			(33,616)	(40,196)
			Other (Income)/Expenditure				
		(14,472)	(13,905)			(42,099)	(46,128)
			Total Comprehensive Net (Income)/Expenditure				

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase or Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants and Receipts Unapplied Account	Capital Fund	Revenue Statutory Funds	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries Reserves	Authority's Share of Associates Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018	18,653	1,132	649	69	111	4,078	24,692	430,485	455,177	28,953	(78)	484,052
Movement in Reserves 2018/19												
Total Comprehensive Expenditure and Income	(15,331)	(4,208)	-	-	-	-	(19,539)	34,011	14,472	(147)	(420)	13,905
Adjustments between accounting basis & funding basis under regulations (Note Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	11,436	3,585	186	443	-	-	15,650	(15,650)	-	-	-	-
reserves	(728)	663	4	147	(111)	25	-	-	-	-	-	-
Increase/Decrease in 2018/19	(4,623)	40	190	590	(111)	25	(3,889)	18,361	14,472	(147)	(420)	13,905
Balance at 31 March 2019	14,030	1,172	839	659	-	4,103	20,803	448,846	469,649	28,806	(498)	497,957
Note												
Minority Interest										649		649
Total Reserves as per Balance Sheet										29,455		498,606

Movement in Reserves Statement (continued)

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Receipts Unapplied Account	Capital Grants and Capital Fund	Revenue Statutory Fund	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries Reserves	Authority's Share of Associates Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	14,030	1,172	839	659	-	4,103	20,803	448,846	469,649	28,806	(498)	497,957
Movement in Reserves 2019/20												
Total Comprehensive Expenditure and Income	4,812	3,671					8,483	33,616	42,099	3,901	128	46,128
Adjustments between accounting basis & funding basis under regulations (Note 11)	2,523	(3,055)	139	1,662			1,269	(1,269)	-	-	-	-
before transfers to/from earmarked and other statutory reserves	7,335	616	139	1,662	-	-	9,752	32,347	42,099	3,901	128	46,128
Transfers to/from statutory reserves	(1,204)	431	5	(57)	206	29	(590)	590	-	-	-	-
Increase/Decrease in 2019/20	6,131	1,047	144	1,605	206	29	9,162	32,937	42,099	3,901	128	46,128
Balance at 31 March 2020	20,161	2,219	983	2,264	206	4,132	29,965	481,783	511,748	32,707	(370)	544,085
Note												
Minority Interest										580		580
Total Reserves as per Balance Sheet										33,287		544,665

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services (Unusable Reserves). This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold) and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2019			Notes	31 March 2020	
Council	Group			Council	Group
£000	£000			£000	£000
875,049	892,039	Property, Plant & Equipment	16	927,840	950,638
1,148	1,352	Heritage Assets	17	1,148	1,352
747	4,927	Investment Property	18	862	3,308
166	166	Intangible Assets	19	20	20
-	2,661	Long Term Investments		-	2,277
-	211	Investments in Associates		-	230
633	633	Long Term Debtors	20	585	585
877,743	901,989	Long Term Assets		930,455	958,410
660	661	Inventories	21	801	802
10,988	10,999	Short Term Debtors	22	11,137	11,151
996	996	Assets held for sale	24	827	827
18,073	18,073	Cash and Cash Equivalents	25	16,089	16,089
30,717	30,729	Current Assets		28,854	28,869
(40,794)	(40,794)	Short Term Borrowing	20	(67,189)	(67,189)
(44,670)	(39,262)	Short Term Creditors	26	(37,719)	(32,172)
(85,464)	(80,056)	Current Liabilities		(104,908)	(99,361)
(172)	(172)	Provisions	27	(149)	(149)
(174,922)	(174,922)	Long Term Borrowing	20	(170,800)	(170,800)
(58,366)	(58,366)	Other Long Term Liabilities	20	(57,010)	(57,010)
(119,887)	(119,887)	Pensions Liability	43	(114,694)	(114,694)
-	(709)	Liabilities in Associates		-	(600)
(353,347)	(354,056)	Long Term Liabilities		(342,653)	(343,253)
469,649	498,606	Net Assets		511,748	544,665

Balance Sheet (continued)

31 March 2019			Notes	31 March 2020	
Council	Group			Council	Group
£000	£000			£000	£000
14,030	25,602	General Fund Balance	28	20,161	29,820
1,172	1,172	Housing Revenue Account	28	2,219	2,219
839	839	Capital Receipts Reserve	28	983	983
659	659	Capital Grants Unapplied	28	2,264	2,264
-	-	Capital Fund	28	206	206
4,103	4,103	Revenue Statutory Funds	28	4,132	4,132
20,803	32,375	Usable Reserves		29,965	39,624
222,054	239,223	Revaluation Reserve	29	227,579	250,562
359,660	359,725	Capital Adjustment Account	29	381,961	382,026
(6,643)	(6,643)	Financial Instruments Adjustment Account	29	(6,333)	(6,333)
(6,338)	(6,338)	Employee Statutory Adjustment Account	29	(6,730)	(6,730)
(119,887)	(119,887)	Pensions Reserve	29	(114,694)	(114,694)
448,846	466,080	Unusable Reserves		481,783	504,831
-	(498)	Share of Associates Reserves		-	(370)
-	649	Minority Interest		-	580
469,649	498,606	Total Reserves		511,748	544,665

The notes on pages 35 to 86 form part of the financial statements

Lorraine Paisey CA

Chief Financial Officer

1 July 2020

The unaudited Annual Accounts were issued on 1 July 2020 by Lorraine Paisey, Chief Financial Officer.

Cash Flow Statement

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

2018/19			2019/20	
Council	Group		Council	Group
£000	£000		£000	£000
(19,539)	(19,840)	Net deficit on the provision of services	8,483	6,010
		Adjust net deficit on the provision of services		
66,954	67,255	for non cash movements	42,542	45,015
		Adjust for items included in the net deficit on the		
		provision of services that are investing and financing		
<u>(31,413)</u>	<u>(31,413)</u>	activities	<u>(38,603)</u>	<u>(38,603)</u>
16,002	16,002	Net cash flows from Operating Activities	12,422	12,422
(10,007)	(10,007)	Investing Activities (Note 32)	(36,322)	(36,322)
4,689	4,689	Financing Activities (Note 33)	21,916	21,916
10,684	10,684	Net increase or (decrease) in cash and cash	(1,984)	(1,984)
		equivalents		
7,389	7,389	Cash and cash equivalents at the beginning of the	18,073	18,073
		financial year		
18,073	18,073	Cash and cash equivalents at the end of the financial	16,089	16,089
		year (Note 25)		
10,684	10,684		(1,984)	(1,984)

Notes to the Accounts

Note 1 Accounting Policies

1. General

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

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a "going concern" basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

2. Accruals of Expenditure and Income

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

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Bad and Doubtful Debts

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

4. Borrowing Costs

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

5. Cash and Cash Equivalents

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

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

6. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

7. Contingent Assets and Liabilities

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

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

8. Employee Benefits Payable during Employment

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

Note 1 Accounting Policies (continued)

9. Fair Value Measurement

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

10. Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

11. Impairment

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

12. Inventories

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

13. Loans Fund

A Loans Fund is maintained under powers contained in the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund except for capital projects financed directly from Revenue Accounts. The basis of recharging for loans is by half-yearly instalments on an annuity basis. Loans Fund interest and expenses have been charged to the CIES in accordance with the Code.

14. Prior Period Adjustments

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the CIES or in the notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance. Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

15. Provisions

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

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

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

Note 1 Accounting Policies (continued)

16. Reserves

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

17. VAT

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

Note 2 Prior Period Adjustment/Restatements

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Material errors are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

- The Council undertook a Senior Management Restructure during 2019/20. This resulted in Service Headings being adjusted to reflect this new structure. The Comprehensive Income and Expenditure Statement has been restated to take account of this. There was no impact on the Net Cost of Services or on the (Surplus)/Deficit on the Provision of Services.

Note 2 Prior Period Adjustment/Restatements (continued)

The impact of the adjustments in the Comprehensive Income and Expenditure Statement are as follows:

	2018/19 Audited Accounts					Revised Comparatives			
	Council		Net	Group		Council		Net	Group
	Expenditure	Income	Net	Net Expenditure		Expenditure	Income	Net	Net Expenditure
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Educational & Integrated Children's Services	118,126	(9,994)	108,132	108,281	Education	71,676	(3,795)	67,881	68,030
					Education Resources & Communities	25,523	(5,122)	20,401	20,401
					Social Work	21,303	(1,077)	20,226	20,226
General Services	12,959	(8,482)	4,477	4,477	General Services Housing & Property Services	12,976	(8,481)	4,495	4,495
Housing & Property Services									
Direct Services	50,965	(12,589)	38,376	38,447	Environmental & Commercial Services	50,876	(12,589)	38,287	38,358
Development Services	5,957	(2,006)	3,951	3,951	Economic Growth & Development	5,571	(2,006)	3,564	3,564
Corporate Services	32,302	(19,239)	13,063	13,063	HR, ICT & Organisational Development	6,375	(350)	6,025	6,025
Chief Executive	2,450	(184)	2,266	2,266	Governance, Strategy & Performance	24,709	(18,572)	6,137	6,137
Other Services	12,677	(150)	12,527	12,578	Financial Services	3,051	(430)	2,621	2,621
					Other	13,415	(221)	13,194	13,245
Health & Social Care	97,873	(56,021)	41,852	42,419	Health & Social Care	97,834	(56,021)	41,813	42,380
Housing Revenue Account	23,900	(19,357)	4,543	4,543	Housing Revenue Account	23,900	(19,357)	4,543	4,543
	357,209	(128,022)	229,187	230,025		357,209	(128,022)	229,187	230,025

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

The Code requires the Council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2019/20 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-Term Interests in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015-17 Cycle.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The Code requires implementation from 1 April 2020 and there is, therefore, no impact on the 2019/20 Financial Statements.

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

Note 4 Nature of the Group and Group Members

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

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

Subsidiaries

The Entities which have been combined as subsidiaries are:

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

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

The Council acts as joint trustee with other parties for five trust funds which have a combined net asset balance of £1.696m. The Council acts as sole trustees for various other trust funds which have a net asset balance of £8.098m.

The Council is responsible for the administration of Common Good Funds which were all the property of a Royal Burgh not acquired under statutory powers or held under specific trusts. Council Members have responsibility for decisions on the distribution of these funds. The Common Good Funds have a net asset balance of £23.493m.

The individual accounts for these entities are shown separately on pages 94 to 106 of these accounts.

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

Associates

The Entities that have been combined as Associates are:

Name of Associate	Principal Place of Business	Moray Council's Share of Voting Control	Moray Council's Share of Requisition	Measurement Method
Grampian Valuation Joint Board	Moray	20%	17%	Equity
Moray Leisure Limited	Moray	43%	n/a	Equity
Moray Integration Joint Board	Moray	50%	33%	Equity

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

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

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

Summarised balance sheet

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Current assets						
Cash and cash equivalents	613	651	45	143	-	
Other current assets	42	39	73	131	257	187
Total current assets	655	690	118	274	257	187
Non-current assets	753	730	474	402	-	
Current liabilities	(558)	(498)	(399)	(358)	-	
Non-current liabilities	(5,023)	(4,454)	-	-	-	
Net assets/(liabilities)	(4,173)	(3,532)	193	318	257	187
Reconciliation to carrying amounts:						
Opening net assets/(liabilities)	(3,137)	(4,173)	72	193	847	257
Surplus/(deficit) for the period	(1,036)	641	121	125	(590)	(70)
Closing net assets/(liabilities)	(4,173)	(3,532)	193	318	257	187
Reporting entity's share (%)	17	17	43	43	50	50
Reporting entity's share	(709)	(600)	83	137	128	94

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

Summarised Statements of Comprehensive Income and Expenditure

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Revenue	(4,388)	(3,846)	(2,629)	(2,853)	(130,033)	(136,889)
Interest Income	(3)	(5)	-			
Depreciation and Amortisation	2	23	121	99		
Interest Expense	94	115	-			
(Surplus)/deficit for the period	879	571	121	125	590	70
Other Comprehensive Income and Expenditure	157	(1,212)	-		-	
Total Comprehensive Income and Expenditure	1,036	(641)	121	125	590	70

Inclusion of Associate entities has decreased reserves and net assets by £0.370m due mainly to the liability of the Grampian Valuation Joint Board's Pension Scheme, which is being reduced by the reserves of Moray Integration Joint Board on Moray Leisure Ltd.

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

Other Entities in which the Council has an Interest

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

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

Carrying amounts of the entities:

	Grampian Venture Capital Fund		HITRANS	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
carrying amount of receivables	62	62	89	-
carrying amount of liabilities	-	-	346	-
Maximum exposure to loss	62	62	346	-

Note 5 Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government and Joint Boards. However, it has been determined that this uncertainty is not yet 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.
- The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The Council has considered the tests under IFRIC 12 and concluded this is a service concession.
- Assets held at current value are revalued on a five year rolling basis as set out in the accounting policy for Property, Plant and Equipment. The Council asserts that the carrying amount does not differ materially from that which would be determined using current value.

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

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

The items in the Council's Balance Sheet at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual buildings. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.844m for every year that useful lives had to be reduced.
Valuation of Property, Plant and Equipment	Due to the Covid-19 pandemic, there is significant uncertainty in property markets.	It is not known what the impact will be, but there is potential for asset values to change significantly.
Pension 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.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £12.470m.
Arrears	At 31 March 2020, the Council had a balance of sundry debtors for £21.558m. (before provision for impairment) A review of the most significant debts, Council tax, suggested that an impairment of 100% on debts greater than 12 months old was appropriate.	A deterioration in collection rates might require an impairment of Council tax debt which is less than 12 months old. An impairment of 1% of current year debt would amount to approximately £0.015m.

Note 7 Material Items of Income and Expenditure

Where material items of Income and Expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires that the nature and amount of these items are disclosed in a note to the accounts. During 2019/20 the following items are regarded as material:

Nature	£000
Continuation of the Council house new build programme (including the purchase of land). Twenty eight dwellings were completed during the year. A further one hundred and eighty one were under construction at 31 March 2020.	12,015
Buiding of the new Lossiemouth High School has advanced during the year and is still ongoing at 31 March 2020.	19,764
Building of the new Linkwood Primary School in South Elgin has advanced during the year and is still ongoing at 31 March 2020.	8,337
NESS Energy for Waste Plant, a joint project with Aberdeen City and Aberdeenshire Councils, has advanced during the year and is still ongoing at 31 March 2020	6,463
Rebate received from HMRC in relation to Leisure Services VAT	1,107

Note 8 Events after the Reporting Period

The unaudited Annual Accounts were issued on 1 July 2020 by Lorraine Paisey, Chief Financial Officer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 9 Expenditure and Funding Analysis

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

2018/19 (restated note 2)			2019/20			
Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
56,995	10,887	67,882	Education	58,468	10,078	68,546
			Education Resources			
18,212	2,190	20,401	& Communities	17,426	2,975	20,401
19,525	701	20,227	Social Work	18,369	785	19,154
			General Services			
2,591	1,903	4,495	Housing and Property Services	2,155	1,965	4,120
24,237	14,050	38,287	Environmental & Commercial Services	21,992	14,335	36,327
3,110	454	3,564	Economic Growth & Development	2,946	793	3,739
4,708	1,318	6,025	HR, ICT & Organisational Development	4,766	1,457	6,223
5,643	494	6,137	Governance, Strategy & Performance	5,207	667	5,874
2,386	234	2,621	Financial Services	1,126	235	1,361
4,113	9,081	13,194	Other	2,735	2,165	4,900
40,188	1,625	41,813	Health and Social Care	43,158	2,898	46,056
(7,834)	12,377	4,543	Housing Revenue Account	(8,996)	9,214	218
173,874	55,313	229,187	Cost of Services	169,352	47,567	216,919
(169,356)	(40,292)	(209,648)	Other Income and Expenditure	(177,303)	(48,099)	(225,402)
4,518	15,021	19,539	(Suplus)/Deficit	(7,951)	(532)	(8,483)
			Opening General Fund and HRA Balance			
		(19,785)	(Surplus) Deficit on General Fund and HRA Balance in year	(15,202)		
		4,518	Transfers from Reserves	(7,951)		
		65	Closing General Fund and HRA Balance at 31 March*	773		
		(15,202)		(22,380)		

Note 9 Expenditure and Funding Analysis (continued)

Adjustments between the Funding and the Accounting Basis 2018/19 (restated)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education	9,629	852	563	(157)	10,887
Education Resources & Communities	1,180	1,140	-	(130)	2,190
Social Work	33	738	-	(70)	701
General Services Housing and Property Services	1,285	816	18	(216)	1,903
Environmental & Commercial Services	11,060	1,766	(28)	1,252	14,050
Economic Growth & Development	117	419	(31)	(52)	454
HR, ICT & Organisational Development	955	374	-	(11)	1,318
Governance, Strategy & Performance	36	521	(27)	(36)	494
Financial Services	85	206	(57)	-	234
Other	213	8,872	-	(5)	9,081
Health and Social Care	349	1,890	(39)	(575)	1,625
Housing Revenue Account	12,132	233	12	-	12,377
Net Cost of Services	37,072	17,829	412	-	55,313
Other Income and Expenditure	(42,156)	2,178	(314)	-	(40,292)
Total Adjustments	(5,084)	20,007	98	-	15,021

Note 9 Expenditure and Funding Analysis (continued)

Adjustments between the Funding and the Accounting Basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education	8,793	1,234	193	(142)	10,078
Education Resources & Communities	1,604	1,411	40	(80)	2,975
Social Work	20	961	49	(245)	785
General Services Housing and Property Services	1,245	1,038	(20)	(298)	1,965
Environmental & Commercial Services	11,724	2,149	(49)	511	14,335
Economic Growth & Development	15	510	33	235	793
HR, ICT & Organisational Development	956	489	19	(7)	1,457
Governance, Strategy & Performance	35	616	20	(4)	667
Financial Services	-	222	13	-	235
Other	49	2,107	11	(2)	2,165
Health and Social Care	239	2,531	96	32	2,898
Housing Revenue Account	8,945	282	(13)	-	9,214
Net Cost of Services	33,625	13,550	392	-	47,567
Other Income and Expenditure	(50,483)	2,694	(310)	-	(48,099)
Total Adjustments	(16,858)	16,244	82	-	(532)

a) Adjustments for Capital Purposes

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

Adjustments to Other Income and Expenditure reflect:

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

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

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

Note 9 Expenditure and Funding Analysis (continued)

b) Net Change for the Pensions Adjustments

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

For **Services** this reflects the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and Investment Income and Expenditure** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

c) Other Differences

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

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

For **Financing and Investment Income and Expenditure** the entry recognises adjustments to the General Fund for the timing differences for premiums and discounts.

d) Elimination of Internal Recharges

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

Note 10 Expenditure and Income Analysed by Segment and Nature

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

Income and Expenditure 2018/19

	Education	Education Resources & Communities	Social Work	General Services Housing & Property Services	Environmental & Commercial Services	Economic Growth & Development	HR, ICT & Organisational Development	Governance, Strategy & Performance	Financial Services	Other Services	Health & Social Care	Housing Revenue Account	Costs not included in a Service	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee expenses	50,122	18,797	8,045	9,240	20,646	4,577	4,247	5,651	2,149	12,169	21,492	2,690	2,364	162,188
Other service expenses	11,925	5,546	13,225	2,452	19,169	877	1,174	19,023	817	1,032	75,993	9,078	-	160,311
Depreciation, amortisation and impairment	9,629	1,180	33	1,285	11,061	117	955	36	85	213	349	12,132	-	37,073
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	13,810	13,810
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	2,432	2,432
Total Expenditure	71,676	25,523	21,303	12,976	50,876	5,571	6,375	24,709	3,051	13,415	97,834	23,900	18,606	375,815
Fees, charges & other service income	(504)	(2,035)	252	(6,604)	(12,089)	(1,738)	(349)	(1,103)	(430)	(141)	(42,411)	(19,357)	-	(86,508)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(299)	(299)
Income from council tax Government grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	(41,076)	(41,076)
	(3,291)	(3,086)	(1,329)	(1,877)	(500)	(268)	(1)	(17,470)	-	(80)	(13,610)	-	(186,879)	(228,392)
Total Income	(3,795)	(5,121)	(1,077)	(8,481)	(12,589)	(2,006)	(350)	(18,573)	(430)	(221)	(56,021)	(19,357)	(228,254)	(356,276)
Net Expenditure	67,881	20,401	20,226	4,495	38,287	3,565	6,025	6,136	2,621	13,194	41,813	4,543		

(Surplus) or deficit on the provision of services

19,539

Note 10 Expenditure and Income Analysed by Segment and Nature (continued)

Income and Expenditure 2019/20

	Education £000	Education Resources & Communities £000	Social Work £000	General Services Housing & Property Services £000	Environmental & Commercial Services £000	Economic Growth & Development £000	HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000
Employee expenses	55,286	19,038	8,464	9,611	20,084	4,523	4,343	5,299	1,942	4,133	23,064	2,698	2,694	161,179
Other service expenses	12,859	4,566	12,056	5,620	19,690	1,260	1,290	16,186	975	902	80,491	8,243	91	164,229
Depreciation, amortisation and impairment	8,792	1,604	20	1,245	11,724	15	956	35	-	49	239	8,945	(115)	33,509
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	13,314	13,314
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	127	127
Total Expenditure	76,937	25,208	20,540	16,476	51,498	5,798	6,589	21,520	2,917	5,084	103,794	19,886	16,111	372,358
Fees, charges & other service income	(650)	(2,315)	(121)	(9,846)	(15,021)	(1,391)	(366)	(15,133)	(1,556)	(184)	(57,682)	(19,668)	-	(123,933)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(413)	(413)
Income from council tax Government grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	(43,723)	(43,723)
	(7,741)	(2,492)	(1,265)	(2,510)	(150)	(668)	-	(513)	-	-	(56)	-	(197,377)	(212,772)
Total Income	(8,391)	(4,807)	(1,386)	(12,356)	(15,171)	(2,059)	(366)	(15,646)	(1,556)	(184)	(57,738)	(19,668)	(241,513)	(380,841)
Net Expenditure	68,546	20,401	19,154	4,120	36,327	3,739	6,223	5,874	1,361	4,900	46,056	218		
(Surplus) or deficit on the provision of services														(8,483)

Note 11 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2018/19

	Usable Reserves					
	General Fund £000	HRA £000	Revenue Statutory Funds £000	Capital Receipts Reserve £000	Capital Grants & Receipts Unapplied £000	Capital Fund £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,						
Pensions costs (transferred from the Pensions Reserve)	19,721	286				
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(221)	(93)				
Holiday pay (transferred to the Employee Statutory Adjustment Account)	400	12				
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	1,025	9,078	-	-	-	-
Total Adjustment to Revenue Resources	20,925	9,283	-	-	-	-
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(186)	(75)	-	261		-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	(443)				443	
Statutory provision for the repayment of debt	(8,860)	(944)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	(4,679)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	(9,489)	(5,698)	-	261	443	-
Resources						
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(75)	-	-
Total Adjustments to Capital Resources	-	-	-	(75)	-	-
Total Adjustments	11,436	3,585	-	186	443	-

**Note 11 Adjustments between Accounting Basis and Funding Basis under Regulations
(continued)**

2019/20

	Usable Reserves					
	General Fund £000	HRA £000	Revenue Statutory Funds £000	Capital Receipts Reserve £000	Capital Grants & Receipts Unapplied £000	Capital Fund £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,						
Pensions costs (transferred from the Pensions Reserve)	30,885	697	-	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(14,987)	(351)	-	-	-	-
Holiday pay (transferred to the Employee Statutory Adjustment Account)	405	(13)	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,554)	2,071	-	-	-	-
Total Adjustment to Revenue Resources	14,749	2,404	-	-	-	-
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(139)		-	139	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	(1,662)				1,662	
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(9,425)	(1,114)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,000)	(4,345)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	(12,226)	(5,459)	-	139	1,662	-
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	-	-	-	-
Total Adjustments	2,523	(3,055)	-	139	1,662	-

Note 12 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund

This note sets out the amounts set aside from the General Fund and HRA balances in Revenue Statutory Funds to provide financing for future expenditure plans and the amounts posted back from Revenue Statutory Funds to meet General Fund and HRA expenditure in 2019/20.

Revenue Statutory Funds

	Repairs and Renewals Fund	Insurance Fund	Total
	£000	£000	£000
Balance at 1 April 2018	2,691	1,387	4,078
Transfers In 2018/19	16	9	25
Balance at 31 March 2019	<u>2,707</u>	<u>1,396</u>	<u>4,103</u>
Transfers in 2019/20	19	10	29
Balance at 31 March 2020	<u>2,726</u>	<u>1,406</u>	<u>4,132</u>

Earmarked portions of the General Fund

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

	General Services	Devolved School Management	Early Years Childcare Expansion	Pupil Equity Funding	Transformation	Council Priorities	Other Funds	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	17,095	448	196	569	-	-	345	18,653
Transfers Out 2018/19	(5,257)	(438)	(146)	-	-	-	(5)	(5,846)
Transfers In 2018/19	438	-	-	14	700	-	71	1,223
Balance at 31 March 2019	<u>12,276</u>	<u>10</u>	<u>50</u>	<u>583</u>	<u>700</u>	<u>-</u>	<u>411</u>	<u>14,030</u>
Transfers Out 2019/20	-	-	-	-	-	-	(17)	(17)
Transfers In 2019/20	2,363	456	364	77	-	2,881	7	6,148
Balance at 31 March 2020	<u>14,639</u>	<u>466</u>	<u>414</u>	<u>660</u>	<u>700</u>	<u>2,881</u>	<u>401</u>	<u>20,161</u>

Note 12 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund (continued)

Devolved School Management (DSM)

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

Early Years Childcare Expansion

The purpose of this fund is to ring fence funding received from the Scottish Government for the expansion of Early Learning and Childcare from 600 hours to 1,140 hours.

Pupil Equity Funding

The purpose of this fund is to ring fence funding received from the Scottish Government to provide targeted support for children and young people affected by poverty.

Transformation

The purpose of this fund is to provide funding to initiate and advance the Transformation, Improvement and Modernisation Programme projects.

Council Priorities

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

Other Funds

These funds are grants and contributions unspent at the reporting year end which have restrictions on their use. The majority of these funds are insurance premium discounts set aside to fund claims beneath the Council's excess. Other funds held include unspent monies to be used to upgrade/maintain Sanquhar Loch in Forres and for unspent monies relating to the Scottish Welfare Fund, which was set up in 2016/17 to be used to provide individuals with assistance for short term need and community care.

Note 13 Other Operating Expenditure

	2018/19	2019/20
	£000	£000
Movement on revaluation of assets held-for-sale recognised in the provision of services	-	
Losses on disposal of non-current assets	2,432	127
	2,432	127

Note 14 Financing and Investment Income and Expenditure

	2018/19	2019/20
	£000	£000
Interest payable and similar charges	13,810	13,314
Net interest on the net defined benefit liability	2,178	2,694
Interest receivable and similar income	(308)	(409)
Income and expenditure in relation to investment properties	9	(4)
Expected credit losses on financial assets	186	91
Movement on revaluation in investment property	-	(115)
	15,875	15,571

Note 15 Taxation and Non-Specific Grant Income

	2018/19	2019/20
	£000	£000
Council tax income	41,076	43,723
Non domestic rates	40,603	45,422
Non-ring fenced government grants	115,567	116,335
Capital grants and contributions	30,709	35,620
	227,955	241,100

Note 16 Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

Depreciation

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

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

Council Dwellings - up to 50 years

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

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

Infrastructure - up to 40 years

Community Assets - up to 40 years

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

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

Note 16 Property, Plant and Equipment (continued)

Comparative Movements in 2018/19:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation								
At 1 April 2018	267,443	348,318	44,961	294,739	705	4,911	12,746	973,823
Additions	9,663	5,851	3,582	6,261	-	15	15,126	40,498
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,850)	13,496	-	-	-	(654)	-	10,992
(decreases) recognised in the Surplus on the Provision of Services	(5,451)	(3,594)	-	-	-	(491)	-	(9,536)
Derecognition – disposals	-	(2,436)	(1,033)	-	-	(475)	(6)	(3,950)
Derecognition – other	-	-	(686)	-	-	-	-	(686)
Assets reclassified (to)/ from Held for Sale	-	-	-	-	-	(45)	-	(45)
valuation	3,917	4,685	(193)	80	-	1,443	(7,602)	2,330
At 31 March 2019	273,722	366,320	46,631	301,080	705	4,704	20,264	1,013,426
Accumulated Depreciation and Impairment								
At 1 April 2018	18,393	41,480	27,603	57,298	297	104	-	145,175
Depreciation charge	6,500	11,536	3,897	8,115	17	71	-	30,136
Depreciation written out to the Revaluation Reserve	-	(32,095)	-	-	-	(79)	-	(32,174)
Depreciation written out to the Surplus on the Provision of Services	-	(2,622)	-	-	-	(7)	-	(2,629)
Derecognition – disposals	-	(525)	(920)	-	-	-	-	(1,445)
Derecognition – other	-	-	(686)	-	-	-	-	(686)
Assets reclassified (to)/ from Held for Sale	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	87	(156)	-	-	69	-	-
At 31 March 2019	24,893	17,861	29,738	65,413	314	158	-	138,377

Note 16 Property, Plant and Equipment (continued)

Movement in 2019/20

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation								
At 1 April 2019	273,722	366,320	46,631	301,080	705	4,704	20,264	1,013,426
Additions	6,190	4,221	4,022	6,841			54,578	75,852
Revaluation increases/ (decreases) recognised in the Revaluation Reserve		8,535				(69)		8,466
Revaluation (decreases) recognised in the Surplus on the Provision of Services	(1,924)	(18)				(125)	(125)	(2,192)
Derecognition – disposals		(611)	(1,545)			(946)		(3,102)
Derecognition – other								-
Assets reclassified (to)/ from Held for Sale								-
valuation	3,850	4,607	31	3,171	6	794	(12,459)	-
At 31 March 2020	281,838	383,054	49,139	311,092	711	4,358	62,258	1,092,450
Accumulated Depreciation and Impairment								
At 1 April 2019	24,893	17,861	29,738	65,413	314	158	-	138,377
Depreciation charge	6,876	12,063	4,243	8,231	16	70	-	31,499
Depreciation written out to the Revaluation Reserve		(3,714)				(28)		(3,742)
Surplus on the Provision of Services		(62)				(10)		(72)
Derecognition – disposals		(56)	(1,365)			(31)		(1,452)
Derecognition – other								-
Assets reclassified (to)/ from Held for Sale								-
Other movements in depreciation and impairment		(34)				34		-
At 31 March 2020	31,769	26,058	32,616	73,644	330	193	-	164,610
Net Book Value								
at 31 March 2019	248,829	348,459	16,893	235,667	391	4,546	20,264	875,049
at 31 March 2020	250,069	356,996	16,523	237,448	381	4,165	62,258	927,840

Note 16 Property, Plant and Equipment (continued)

Capital Commitments

At 31 March 2019, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years budgeted to cost £45.316m (£44.345m in 2018/19). The major contracts are:

	£000
HRA Council House New Build projects	12,166
Lossiemoth High School	11,887
Linkwood Primary School	3,502
NESS Energy from Waste	17,761
	<u>45,316</u>

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years. All valuations are carried out internally by the Council's Estates Manager in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

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

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

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Carried at historical cost	-	-	49,139	311,092	711	-	62,258	423,200
Valued at current value as at:								
01 April 2019	8,116	35,578				(194)		43,500
01 April 2018	3,961	268,480	-	-	-	1,282	-	273,723
01 April 2017	3,003	17,460	-	-	-	1,660	-	22,123
01 April 2016	1,170	37,755	-	-	-	1,309	-	40,234
01 April 2015	265,588	23,781	-	-	-	301	-	289,670
Total cost or valuation	265,588	23,781	-	-	-	301	-	1,092,450

Note 17 Heritage Assets

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

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

The movement in Heritage Assets during 2019/20 is as follows:

	Cultural	Modern Statues	Museums Collections	Total Heritage Assets
	£000	£000	£000	£000
Valuation at 1 April 2018	126	102	920	1,148
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2019	126	102	920	1,148
Valuation at 1 April 2019	126	102	920	1,148
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2020	126	102	920	1,148

The amount included above for the museum's collections is based on insurance valuations.

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

Assets excluded from Heritage Assets		Estimated number of assets
		31 March 2020
Archive Material	circa	1,000,000
Monuments and Fountains		11
War Memorials		46

Note 18 Investment Property

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

Investment Property is measured initially at cost and thereafter at fair value, being the price that would be received by selling such an asset in an orderly transaction between market participants at the measurement date. Investment Property is measured at highest and best use and the properties are not depreciated but are revalued annually according to market conditions at year end. Gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES). The same treatment applies to gains and losses on disposal.

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

Note 18 Investment Property (continued)

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

	2018/19	2019/20
	£000	£000
Rental Income from investment property	4	4
Net gain	4	4

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

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

	2018/19	2019/20
	£000	£000
Balance at start of the year	3,097	747
Net gains/(losses) from fair value adjustments	-	115
Transfers (to)/from Property, Plant and Equipment	(2,330)	-
Disposals	(20)	-
Balance at end of the year	747	862

Note 19 Intangible Assets

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

	Licences
	£000
Expected Useful Life	
5 - 6 years	217

The carrying amount of licences is amortised on a straight line basis. The amortisation of £0.007m charged to revenue in 2019/20 (2018/19: £0.029m) was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading).

Note 19 Intangible Assets (continued)

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

	2018/19	2019/20
	£000	£000
Balance at start of the year:		
Gross carrying amount	488	356
Accumulated amortisation	(160)	(190)
Net carrying amount at start of year	328	166
Purchases	53	-
Amortisation for the period	(29)	(7)
Disposals:		
Gross carrying amount	(186)	(139)
Accumulated amortisation	-	-
Net carrying amount at end of year	166	20
Comprising:		
Gross carrying amount	355	217
Accumulated amortisation	(189)	(197)
	166	20

Note 20 Financial Instruments

Financial Instruments – Classifications

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

Financial Liabilities

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

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

- Long term loans from the Public Works Loan Board (PWLB) and commercial lenders
- Short term loans from other local authorities
- Lease payables detailed in note 40
- Private Finance Initiative contracts detailed in note 41
- Trade payables for goods and services received

Financial Assets

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

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

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

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

Note 20 Financial Instruments (continued)

Financial Instruments – Balances

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

	2018/19		2019/20	
	Long Term	Short Term	Long Term	Short Term
	£000	£000	£000	£000
Amortised Cost:				
Borrowing	174,922	40,794	170,800	67,189
Creditors	58,366	38,432	57,010	32,006
Total	233,288	79,226	227,810	99,195

Income, Expense, Gains and Losses

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

	2018/19			2019/20		
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total
	£000	£000	£000	£000	£000	£000
Interest Expense	13,643	-	13,643	12,767		12,767
Impairment Losses	-	224	224		122	122
Total expense in Surplus or Deficit on the Provision of Services	13,643	224	13,867	12,767	122	12,889
Interest Income	-	(308)	(308)			
Total income in Surplus or Deficit on the Provision of Services	-	(308)	(308)	-	(412)	(412)
Net (gain)/loss for the year	13,643	(84)	13,559	12,767	(290)	12,477

Financial Instruments – Fair Value

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March, using the following methods and assumptions:

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

Note 20 Financial Instruments (continued)

Financial Assets		2018/19		2019/20	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fair Value Level		£000	£000	£000	£000
Short Term Debtors	2	8,008	8,008	8,412	8,412
Long Term Debtors	2	633	633	585	585
Total		8,641	8,641	8,997	8,997

At 31 March 2020 the Council's financial assets show the carrying value equal to fair value, the same as the previous year. This is mainly due to a large proportion of the amount being short term financial assets (£8.412m) and the remaining balance being long term loans which have market rates of return.

Financial Liabilities		2018/19		2019/20	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fair Value Level		£000	£000	£000	£000
Financial liabilities held at amortised cost:					
Short Term Creditors	2	38,432	38,432	32,006	32,006
Short Term Borrowing	2	40,794	40,794	67,189	67,189
Other Long Term liabilities	2	2,357	2,357	2,585	2,585
Long Term Borrowing	2	174,922	235,171	170,800	211,890
PPP and Finance Lease liabilities	2	56,009	90,343	54,425	82,234
Total		312,514	407,097	327,005	395,904

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

Fair Value Disclosure of PWLB Loans

The fair value of PWLB loans of £212.166m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, a supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £170.800m of total long term borrowing would be valued at £211.890m. However, if the Council sought to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would not be paid/giving a discount for the reduced interest income that would be avoided. This exit price for the PWLB loans including the penalty charge would be £242.946m.

Note 21 Inventories

2018/19

	Balance at 1 April	Purchases	Recognised as an expense in the year	Balance at 31 March
	£000	£000	£000	£000
Building Services	188	713	(715)	186
Fleet Services	178	3,158	(3,145)	191
Roads Maintenance	129	440	(399)	170
Other	135	1,390	(1,412)	113
Total	630	5,701	(5,671)	660

2019/20

	Balance at 1 April	Purchases	Recognised as an expense in the year	Balance at 31 March
	£000	£000	£000	£000
Building Services	186	775	(744)	217
Fleet Services	191	2,718	(2,677)	232
Roads Maintenance	170	415	(430)	155
Other	113	1,386	(1,302)	197
Total	660	5,294	(5,153)	801

Note 22 Short Term Debtors

	2018/19 £000	2019/20 £000
Trade Receivables	1,602	1,255
Prepayments	1,304	939
Other Receivable Amounts	6,406	7,157
	9,312	9,351
Prepayments included in debtors	(1,304)	(939)
Total Financial Assets Current Debtors	8,008	8,412

Note 23 Debtors from Local Taxation

	31/03/2019	31/03/2020
	Council Tax	Council Tax
	£000	£000
Less than 1 year	1,467	1,536
One to two years	2,296	2,325
Three to five years	2,851	2,839
More than 5 years	7,874	8,300
	14,488	15,000
Impairment Allowance	(12,812)	(13,214)
Total (net of impairment)	1,676	1,786

Note 24 Assets Held-for-Sale

When it becomes probable that the carrying amount of an asset (land and buildings) will be recovered through a sale rather than through its continued use, it is reclassified as an Asset Held-for-Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Non-current assets held-for-sale are not depreciated.

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

	Current Assets	Current Assets
	2018/19	2019/20
	£000	£000
Balance at 1 April	1,390	996
Assets reclassified from Property, Plant and Equipment	45	-
Revaluation gains/(losses)	-	(29)
Assets reclassified to Property, Plant and Equipment	-	-
Disposals	(439)	(140)
Balance at 31 March	996	827

Note 25 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

	2018/19	2019/20
	£000	£000
Cash Held by the Council	18	18
Bank Current/Call Accounts	18,055	16,071
Total	18,073	16,089

Note 26 Short Term Creditors

	2018/19	2019/20
	£000	£000
Trade Payables	10,902	13,539
Other Payables	33,768	24,181
Total	44,670	37,720
Tax Creditors included above	(5,064)	(4,505)
Receipts in advance included above	(1,174)	(1,209)
Total Financial Liabilities Current Creditors	38,432	32,006

Note 27 Provisions

	Equal Pay	Leavers Backdated Pay Award	Total
	£000	£000	£000
Balance as at 1 April 2019	149	23	172
Settlements made/provision released in 2019/20	-	(23)	(23)
Increase in provision in 2019/20	-	-	-
Balance as at 31 March 2020	149	-	149

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

Note 28 Usable Reserves

The Council has several reserve funds within this category:

- The Insurance Fund covers the main classes of insurance and is earmarked to pay any uninsured losses on school buildings.
- The Repairs and Renewal Fund provides for the upkeep of specific assets held by the Council.
- The Capital Fund is used to meet the costs of capital investments in assets and for the repayment of the principal element of borrowings.
- Capital Grants and Receipts Unapplied holds the grants and contributions received towards capital projects for which the Council has met the conditions what would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.
- The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

The movements on the Usable Reserves are detailed in the Movement in Reserves Statement and in Notes 11 and 12. A summary of the Reserves is also shown on the Balance Sheet.

Note 29 Unusable Reserves

2018/19		2019/20
£000		£000
359,660	Capital Adjustment Account	381,961
222,054	Revaluation Reserve	227,579
(6,643)	Financial Instruments Adjustment Account	(6,333)
(6,338)	Employee Statutory Adjustment Account	(6,730)
<u>(119,887)</u>	Pensions Reserve	<u>(114,694)</u>
<u>448,846</u>		<u>481,783</u>

Capital Adjustment Account

The Capital Adjustment Account absorbs the differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2018/19		2019/20
£000		£000 £000
347,767	Balance at 1 April	359,660
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(30,136)	Charges for depreciation and impairment of non-current assets	(31,500)
(6,908)	Revaluation losses on Property, Plant and Equipment	(2,119)
(29)	Amortisation of Intangible Assets	(7)
	Amounts of non-current assets written off on disposal or sale as part of the loss on	
<u>(3,149)</u>	disposal to the Comprehensive Income and Expenditure Statement	<u>(1,927)</u>
(40,222)		(35,553)
<u>7,438</u>	Adjusting amount written out of the Revaluation Reserve	<u>6,654</u>
(32,784)	Net written out amount of the cost of non-current assets consumed in the year	(28,899)
	Capital financing applied in the year:	
75	Use of the Capital Receipts Reserve to finance new capital expenditure	-
	Capital grants and contributions credited to the Comprehensive Income and	
30,119	Expenditure Statement that have been applied to capital financing	34,612
-	Application of grants to capital financing from the Capital Grants Unapplied Account	590
	Statutory provision for the financing of capital investment charged against the	
9,804	General Fund and HRA balances	10,538
<u>4,679</u>	Capital expenditure charged against the General Fund and HRA balances	<u>5,345</u>
44,677		51,085
	Movements in the market value of Investment Properties debited or credited to the	
-	Comprehensive Income and Expenditure Statement	115
<u>359,660</u>	Balance at 31 March	<u>381,961</u>

Note 29 Unusable Reserves (continued)

Revaluation Reserve

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

2018/19	2019/20	
£000	£000	£000
186,326 Balance at 1 April		222,054
58,319 Upward Revaluation of assets	13,294	
Downward revaluation of assets and impairment losses not charged to the		
(15,153) Surplus on the Provision of Services	(1,115)	
Surplus /(deficit) on revaluation of non-current assets not posted to the		
43,166 Surplus on the Provision of Services		12,179
(6,397) Difference between fair value depreciation and historical cost depreciation	(6,291)	
(1,041) Accumulated gains on assets sold or scrapped	(363)	
(7,438) Amount written off to the Capital Adjustment Account		(6,654)
222,054 Balance at 31 March		227,579

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on early redemption of loans. As a result, the balance on the Account at 31 March 2020 will be charged to the General Fund over the next 35 years

2018/19	2019/20	
£000	£000	
(6,957) Balance at 1 April		(6,643)
Proportion of premiums incurred in previous financial years to be charged against		
310 the General Fund balance in accordance with statutory requirements		310
Amount by which finance costs charged to the Comprehensive Income and		
Expenditure Statement are different from finance costs chargeable in the year in		
4 accordance with statutory requirements		-
(6,643) Balance at 31 March		(6,333)

Note 29 Unusable Reserves (continued)

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19	2019/20
£000	£000
(5,926) Balance at 1 April	(6,338)
5,926 Settlement or cancellation of accrual made at the end of the preceding year	6,338
<u>(6,338) Amounts accrued at the end of the current year</u>	<u>(6,730)</u>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable	
<u>(412) in the year in accordance with statutory requirements</u>	<u>(392)</u>
<u>(6,338) Balance at 31 March</u>	<u>(6,730)</u>

Pensions Reserve

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

2018/19	2019/20
£000	£000
(90,725) Balance at 1 April	(119,887)
(9,155) Remeasurements (assets and liabilities)	21,437
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	
<u>(34,009) Statement</u>	<u>(31,582)</u>
Employer's pensions contributions and direct payments to pensioners payable in the	
<u>14,002 year</u>	<u>15,338</u>
<u>(119,887) Balance at 31 March</u>	<u>(114,694)</u>

Note 30 Capital Grants and Receipts Unapplied Account

The Capital Grants and Receipts Unapplied Accounts holds the grant and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and the financial year in which this can take place.

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

	2018/19	2019/20
	£000	£000
Capital Grants		
Opening Balance	69	659
Additions	590	1,008
Applied	-	(590)
Closing Balance	659	1,077
Capital Receipts for Transformation Projects		
Opening Balance	-	-
Additions	443	1,662
Applied	(443)	(480)
Closing Balance	-	1,182
Interest on Revenue Balances	-	5
Total opening balance at 1 April	69	659
Total closing balance at 31 March	659	2,264

Note 31 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2018/19	2019/20
	£000	£000
Interest Received	(308)	(409)
Interest Paid	13,774	13,262

Note 32 Cash Flow Statement - Investing Activities

	2018/19	2019/20
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	41,247	74,449
Other payments for investing activities	315	55
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(704)	(1,801)
Other receipts from investing activities	(30,851)	(36,381)
Net cash flows from investing activities	10,007	36,322

Note 33 Cash Flow Statement - Financing Activities

	2018/19	2019/20
	£000	£000
Cash receipts of short-term and long-term borrowing	(79,650)	(81,500)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	1,440	1,498
Repayment of short and long-term borrowing	72,960	59,276
Other payments/(receipts) for financing activities	561	(1,190)
Net cash flows from financing activities	(4,689)	(21,916)

Note 34 Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April	Financing Cash Flows	2019/20		Balance at 31 March
			Changes which are not Financing Cash Flows		
			Acquisition	Other	
	£000	£000	£000	£000	£000
Long Term Borrowing	174,922	(4,124)	-	2	170,800
Short Term Borrowing	40,794	26,345	-	50	67,189
Lease Liabilities	314	(122)	-	-	192
On balance sheet PFI liabilities	57,193	(1,376)	-	-	55,817
Other deferred liabilities	262	3	-	-	265
Total Liabilities from Financing Activities	273,485	20,726	-	52	294,263

Note 35 External Audit Costs

The agreed external audit fee for 2019/20 was £0.240m for work undertaken in accordance with the Code of Audit Practice (2018/19 £0.235m).

Note 36 Grant Income and Contributions

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20.

	2018/19	2019/20
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
General Revenue Grant	115,567	116,335
National Non Domestic Rate Income	40,603	45,422
Capital Grants and Contributions	30,709	35,620
Total	186,879	197,377
Credited to Services		
Housing Benefits	17,004	14,114
Private Sector Housing Grant	491	463
Home Energy Efficiency Programme Scotland	1,108	2,044
Criminal Justice	1,148	1,185
Pupil Equity Funding (PEF)	1,342	1,418
ELC Expansion	1,219	5,507
PPP Funding	2,207	2,223
Other Grants	2,521	2,785
Contributions		
Integration Joint Board	54,232	56,370
Other Contributions	988	1,316
NHS Grampian	64	35
Donations	3	3
Total	82,327	87,463

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:

	2018/19	2019/20
	£000	£000
Grants received in advance		
Capital Grants	2,095	2,320
Other Grants	1,313	547
Total	3,408	2,867

Note 37 Related Parties

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

Central Government has effective control over the Council. It is responsible for providing the statutory framework within which the Council operates, and provides the majority of its funding. Government grants and contributions are included in note 36. The amounts outstanding at the year-end are included in creditors in note 26.

Members of the Council have direct control over the Council's financial and operating policies. During 2019/20 no works or services were commissioned from companies in which any member had a noted interest. Details of members' expenses are included in the Remuneration Report.

Transactions with other bodies are as follows:

	2018/19	2019/20	Debtors/(Creditors)	
			2018/19	2019/20
	£000	£000	£000	£000
NHS Grampian				
Funding received	64	35	62	10
Moray Integration Joint Board				
Funding received from MIJB	54,232	56,370	1,491	417
Contribution to MIJB	40,990	42,887	-	-
European Union				
Funding received	99	256	-	-
Grampian Valuation Joint Board				
Contribution to GVJB	701	707	-	-

The Council provided material financial assistance to Moray Leisure Limited of £0.568m in 2019/20 (2018/19 £0.842m)

The Council participates in the following partnerships:

	2018/19	2019/20
	£000	£000
The Highlands and Islands Transport Partnership - contribution	47	47
Scotland Excel - contribution	71	72
SEEMIS Group LLP - contribution	79	86

Note 38 Capital Expenditure and Capital Financing

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

	2018/19	2019/20
	£000	£000
Opening Capital Financing Requirement	300,520	296,394
Capital Investment:		
Property, Plant and Equipemnt (incl Held for Sale)	40,498	75,852
Intangible Assets	53	-
Heritage Assets	-	-
Sources of Finance:		
Capital receipts	(75)	-
Government grants and other contributions	(30,119)	(35,202)
Sum set Aside from Revenue:		
Direct revenue contributions	(4,679)	(5,345)
Loans fund principal	(9,804)	(10,538)
Closing Capital Financing Requirement	296,394	321,161
Explantions of movements in year:		
Increase/(decrease) in underlying need to borrow (supported by government financial assistance)	(5,049)	24,767
Assets acquired under finance leases/PPP/DBFM	923	-
Increase/(decrease) in Capital Financing Requirement	(4,126)	24,767

Note 39 Capitalisation of Borrowing Costs

Borrowing costs of £0.749m have been capitalised during 2019/20 (2018/19 £0.143m), using a capitalisation rate of 4.01%.

Note 40 Leases

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

Council as Lessee

Finance Leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception. The asset recognised has a corresponding liability to pay the lessor.

The council leases office equipment under finance leases, accounted for as part of Property, Plant and Equipment. The net carrying amount of these assets at 31 March is as follows:-

	2018/19	2019/20
	£000	£000
Machinery, Plant, Vehicles and Equipment	235	21

Note 40 Leases (continued)

Outstanding obligations under finance leases at 31 March 2019:

	Minimum Lease Payments	less Future Interest Charges	Present Value of Minimum Lease Payments
	£000	£000	£000
Not later than one year	135	(13)	122
Later than one year and not later than five years	203	(11)	192
Total	338	(24)	314

Outstanding obligations under finance leases at 31 March 2020:

	Minimum Lease Payments	less Future Interest Charges	Present Value of Minimum Lease Payments
	£000	£000	£000
Not later than one year	135	(8)	127
Later than one year and not later than five years	68	(3)	65
Total	203	(11)	192

Operating Leases

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

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

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

	2018/19	2019/20
	£000	£000
Not later than one year	108	69
Later than one year and not later than five years	177	135
Later than five years	1,270	1,357
Total	1,555	1,561

The future minimum sublease payments expected to be received by the Council are £0.065m (2018/19 £0.090m).

The expenditure charged to the CIES during the year in relation to minimum lease payments was £0.114m (2018/19 £0.108m).

Note 40 Leases (continued)

Council as Lessor

Operating Leases

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

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

	2018/19	2019/20
	£000	£000
Not later than one year	949	1,006
Later than one year and not later than five years	2,977	2,970
Later than five years	31,213	31,027
Total	35,139	35,003

Note 41 Public Private Partnership and Similar Contracts

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

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

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

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

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

Educational Services PPP Scheme

In 2011/12, the Council entered into a 30 year PPP contract for the construction, maintenance and operation of two schools in Keith and Elgin. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition. The annual unitary charge in 2019/20 was £5.040m (2018/19 £4.961m).

Educational Services DBFM Contract

In 2017/18, the Council entered into a 25 year DBFM contract for the construction, maintenance and operation of a new school in Elgin. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition. The Annual Service Charge in 2019/20 was £2.524m (2018/19 £2.490m)

Note 41 Public Private Partnership and Similar Contracts (continued)

Property, Plant and Equipment

	2018/19	2019/20
	£000	£000
Cost or valuation		
at 1 April	71,300	69,338
Additions	935	-
Transfers from assets under construction	-	-
Revaluations	(2,897)	-
	69,338	69,338
Accumulated Depreciation		
At 1 April	11,221	2,656
Revaluations	(11,221)	-
Depreciation charge	2,656	2,669
	2,656	5,325
Net Book Value	66,682	64,013

Payments

Under the contracts the Council makes agreed payments each year which are increased by inflation. They can be reduced if the contractors fail to meet availability and performance standards in any year but are otherwise fixed. Payments remaining to be made under the contract at 31 March 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2020/21	1,183	1,457	3,988	6,628
Payable within 2 to 5 years	4,735	5,861	14,928	25,524
Payable within 6 to 10 years	5,918	8,686	16,316	30,920
Payable within 11 to 15 years	5,919	11,802	12,837	30,558
Payable within 16 to 20 years	5,919	17,696	7,759	31,374
Payable within 21 to 25 years	2,491	10,315	1,245	14,051
Total	26,165	55,817	57,073	139,055

Note 41 Public Private Partnership and Similar Contracts (continued)

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

	2018/19	2019/20
	£000	£000
Balance outstanding at start of year	57,592	57,193
Payments during the year	(1,322)	(1,376)
Capital expenditure incurred in the year	923	-
Balance outstanding at year-end	57,193	55,817

Note 42 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme administered by the Scottish Government through the Scottish Public Pension Agency (SPPA). It is a defined benefit scheme providing teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme at a level to meet the cost of pensions as they accrue. It is not possible, however, for the Council to identify a share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of the annual accounts it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension during the year ending 31 March 2020, the Council's own contributions equate to approximately 1.43%.

In 2019/20 the amount payable to the Scottish Government in respect of teachers' retirement benefits was £8.032m of which £0.743m was outstanding at 31 March 2020. The amount payable represents 14.9% of pensionable pay. In 2018/19 the amounts payable were £5.880m of which £0.750m was outstanding at 31 March 2019.

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

Note 43 Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two schemes:

- The North East Scotland Local Government Pension Scheme which is administered by Aberdeen City Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.
- There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

Note 43 Defined Benefit Pension Schemes (continued)

Transactions Relating to Post-employment Benefits

In relation to the Local Government Pension Scheme, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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:

Transactions Relating to Post-employment Benefits

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement Cost of Services:				
Current Service Cost	21,761	25,657	-	-
Past Service Cost	8,869	1,315	-	-
Curtailment Cost	941	1,644	-	-
Administration Expenses	260	272	-	-
	31831	28888	-	-
Financing and Investment Income and Expenditure:				
Net Interest Expense	1,770	2,316	408	378
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	33,601	31,204	408	378
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets	(27,591)	23,897	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	36,167	(12,195)	579	(211)
Actuarial gains/(losses) arising from demographic changes	-	(40,060)	-	(639)
Other	-	7,852	-	(81)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	42,177	10,698	987	(553)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(33,601)	(31,204)	(408)	(378)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	12,996	14,378	-	-
Retirement benefits payable to pensioners	-	-	1,006	960

Note 43 Defined Benefit Pension Schemes (continued)

Assets and Liabilities Recognised in the Balance Sheet

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

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Present Value of the defined benefit obligation	(674,861)	(662,038)	(16,185)	(14,672)
Fair value of plan assets	571,159	562,016	-	-
Net liability arising from defined benefit obligation	(103,702)	(100,022)	(16,185)	(14,672)

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

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Opening Balance at 1 April	603,051	674,861	16,204	16,185
Current Service Cost	21,761	25,657	-	-
Interest Cost	15,532	16,039	408	378
Contributions from scheme participants	3,871	4,097	-	-
Remeasurement gains/(losses):				
Actuarial gains/(losses) arising from changes in financial assumptions	36,167	(12,195)	579	(211)
Actuarial gains/(losses) arising from demographic changes	-	(40,060)	-	(639)
Other	-	7,852	-	(81)
Past Service Cost	8,869	1,315	-	-
Gains on curtailment	941	1,644	-	-
Benefits paid	(15,331)	(17,172)	(1,006)	(960)
Closing Balance at 31 March	674,861	662,038	16,185	14,672

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

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Opening fair value of scheme assets	528,530	571,159	-	-
Interest Income	13,762	13,723	-	-
Remeasurement Gains:				
The return on plan assets, excluding the amount in the net interest expense	27,591	(23,897)	-	-
Contributions from employer	12,996	14,378	1,006	960
Contributions from employees into the scheme	3,871	4,097	-	-
Benefits paid	(15,331)	(17,172)	(1,006)	(960)
Other - administration expenses	(260)	(272)	-	-
Closing value of scheme assets	571,159	562,016	-	-

Note 43 Defined Benefit Pension Schemes (continued)

Local Government Pension Scheme assets comprised:

Fair value of scheme assets

	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000
31 March 2019			
UK Equities	163,979	-	163,979
Overseas Equities	181,400	-	181,400
UK Government Bonds	35,127	-	35,127
Other Government Bonds	8,510	-	8,510
Other UK Bonds	399	-	399
Other non UK Bonds	7,025	-	7,025
Property	-	41,580	41,580
Private Equity	41,809	55,803	97,612
Global Infrastructure	-	13,594	13,594
Cash Instruments	-	21,933	21,933
Total Assets	438,249	132,910	571,159

	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000
31 March 2020			
UK Equities	181,170	-	181,170
Overseas Equities	153,933	-	153,933
UK Government Bonds	-	-	-
Other Government Bonds	12,540	-	12,540
Other UK Bonds	553	-	553
Other non UK Bonds	10,331	-	10,331
Property	-	41,058	41,058
Private Equity	37,680	101,547	139,227
Global Infrastructure	-	12,037	12,037
Cash Instruments	-	11,167	11,167
Total Assets	396,207	165,809	562,016

Note 43 Defined Benefit Pension Schemes (continued)

Basis for Estimating Assets and Liabilities

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

The most recent actuarial valuation was carried out as at 31 March 2019 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund (NESPF), to take account of the requirements of IAS 19 in order to assess the liabilities of the Pension Funds as at 31 March 2020.

	Government		Liabilities	
	2018/19	2019/20	2018/19	2019/20
Mortality Assumptions:				
Longevity at 65 for current pensioners				
Men	22.9	21.5	22.9	21.5
Women	25.0	24.2	25.0	24.2
Longevity at 65 for future pensioners				
Men	25.8	23.1	-	-
Women	28.1	26.3	-	-
Rate of Inflation	2.20%	2.10%	2.30%	2.10%
Rate of increase in salaries	3.70%	3.60%	-	-
Rate of increase in pensions	2.30%	2.20%	2.40%	2.20%
Rate for discounting scheme liabilities	2.40%	2.40%	2.40%	2.40%

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

	Increase in Assumption £000	Decrease in Assumption £000
Impact on the Defined Benefit Obligation in the Scheme		
Longevity (increase or decrease in 1 year)	18,276	(18,276)
Rate of inflation (increase or decrease by 0.1%)	12,746	(12,746)
Rate of increase in salaries (increase or decrease by 0.1%)	1,944	(1,944)
Rate of increase in pensions (increase or decrease by 0.1%)		-
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(12,511)	12,511

Note 43 Defined Benefit Pension Schemes (continued)

Funding Strategy Statement

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

The Pensions Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2017 and the results indicate that overall the assets represented 107% of projected accrued liabilities at the valuation date compared to a funding level of 94% as at 31 March 2014. The improved funding position is mainly due to high levels of investment returns over the two years prior to the valuation date.

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

The asset proportions of the Fund at 31 March 2020, with March 2019 in brackets were: equities, including alternatives 86.54% (79.94%), bonds 4.17% (8.94%), property 7.30% (7.28%) and cash 1.99% (3.84%). Given the current positive funding position of the Fund, a new investment strategy has been approved by the Pensions Committee from 1 April 2018 to reduce reliance on the volatile global equities market and increase allocation to both bonds and other protection and income asset classes.

Impact on the Council's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2017 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 24 years and have maintained an employer contribution rate requirement of 19.3% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years. The latest triennial valuation was as at 31 March 2020 to determine a funding level and set the rates for 2021/22 onwards.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2020 is £13.148m. Expected contributions for the Discretionary Benefits in the year to 31 March 2020 are £0.960m.

The weighted average duration of the defined benefit obligation for scheme members at the 31 March 2019 valuation is 19 years.

Note 44 Contingent Liabilities

Bilbohall South Land

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

Both the Council and GHA agreed to alter the missives to extend the buy-back period until 31 March 2021. In agreeing to the extension to the buy-back period both parties sought consent of the Scottish Government, which has assumed administrative responsibility for the grant given to GHA to purchase the site.

A masterplan for development of a wider area at Bilbohall has been finalised. A planning application will be submitted shortly for development of the site which would reduce this risk to the HRA. All parties are working to resolve the issue to allow the building of affordable houses to proceed.

Building Dilapidations

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

Note 44 Contingent Liabilities (continued)

Scottish Child Abuse Enquiry

The Scottish Child Abuse Enquiry is a national enquiry which was set up on 1 October 2015. The Council has received several intimations of claims, but none have reached court. Discussion have been ongoing with the other former Grampian Regional Council authorities and, under the transitional arrangements put in place at the time of Local Government reorganisation, Aberdeen City Council would take the lead and each authority would pay a contribution. This equates to around 16% of any costs attributable to Moray.

At present, it is not known how many claims there are over the whole of Grampian so the extent of any costs that the Council would have to pay is unclear.

Asbestos Related Illness

The Council has recently settled one claim for asbestos related illness and is aware of others. Work is currently ongoing with other neighbouring Local Authorities on the detail of these. At the moment the extent of any costs to the Council is unknown.

Note 45 Nature and Extent of Risks Arising From Financial Instruments

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

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

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

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

Credit Risk

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

The credit criteria in respect of financial assets held by the Council at 31 March 2020 are detailed below.

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

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

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

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

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

	Estimated maximum exposure to default and uncollectability	Amounts at 31 March	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2020	Estimated maximum exposure to default and uncollectability
	£000	£000	%	%	£000
Customers	1,006	2,991	32.44	32.44	839
Total	1,006	2,991			839

Debtors

The Council does not generally allow credit for customers. As a result, £2.708m of the £2.721m balance is past its due date for payment (2018/19 £2.997m). The past due, but not impaired amount can be analysed by age as follows:

	2018/19	2019/20
	£000	£000
Less than six months	1,605	1,513
Six months to one year	377	312
More than one year	1,015	883
Total	2,997	2,708

The impairments made, analysed by age are as follows:

	2018/19	2019/20
	£000	£000
Less than six months	-	-
Six months to one year	189	156
More than one year	1,015	883
Total	1,204	1,039

Liquidity Risk

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

Although the Council has 20.76% of its current debt maturing within the period 2051/52 to 2055/56, it is continually reviewing its borrowing position to minimise the financial impact of debt maturing at any one time in the future and possibly exposing the Council to unfavourable interest rates. With the assistance of its treasury advisers, the Council manages this risk through prudent planning of new loans taken out where economic to do so.

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

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

	2018/19		2019/20	
	£000	Average Rate	£000	Average Rate
Repayment less than 1 year	40,469	2.80%	67,190	3.22%
Repayment between 1 and 2 years	8,325	2.80%	8,286	4.58%
Repayment between 2 and 5 years	21,092	2.80%	21,092	11.56%
Repayment between 5 and 10 years	21,197	3.52%	19,946	11.72%
Repayment between 10 and 15 years	16,482	6.09%	22,150	9.17%
Repayment in more than 15 years	107,326	5.90%	99,326	5.54%
	<u>214,891</u>		<u>237,990</u>	

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

All creditors are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

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

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

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

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

The Council has a strategy for assessing interest rate exposure. The analysis will advise whether new borrowing taken out is fixed or variable. During 2019/20 the Council did take out several variable rate temporary borrowing loans.

According to this assessment strategy, at 31 March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2018/19	2019/20
	£000	£000
Increase in interest payable on variable rate borrowing	92	312
Impact on Comprehensive Income and Expenditure Statement	<u>92</u>	<u>312</u>

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost for the year ended 31 March 2020 of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2018/19	2019/20
£000	£000
Income	
(18,638) Dwelling Rents	(18,901)
(192) Non Dwelling Rents	(187)
(527) Other Income	(580)
<u>(19,357) Total Income</u>	<u>(19,668)</u>
Expenditure	
4,312 Supervision and Management	4,030
6,846 Repairs and Maintenance	6,255
114 Bad and Doubtful Debts	172
6,680 Depreciation and Impairment of Non-Current Assets	7,066
5,452 Revaluation losses on Non-Current Assets	1,879
40 HRA Share of Corporate and Democratic Core Costs	40
456 Other Expenditure	444
<u>23,900 Total Expenditure</u>	<u>19,886</u>
4,543 Net Cost of HRA Services	218
4 (Gain)/loss on sale of HRA Non-Current Assets	-
2,791 Interest Payable and Similar Charges	2,887
(50) Interest and Investment Income	(60)
53 Net Interest on the Defined Benefit Liability	63
(3,133) Capital Grants and Contributions Receivable	(6,779)
<u>4,208 (Surplus)/Deficit for the Year on HRA Services</u>	<u>(3,671)</u>

Movement on the Housing Revenue Account Statement

2018/19	2019/20
£000	£000
4,208 (Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	63
 Adjustments between accounting basis and funding basis under regulations	
93 Difference between interest payable and similar charges determined in accordance with the Code and those determined in accordance with statute	95
(4) Net gain or loss on sale of HRA non-current assets	-
4,679 Capital expenditure funded by the Housing Revenue Account	4,345
Transfers to/from the Capital Adjustment Account:	
(6,680) Depreciation and Impairment of Non-Current Assets	(7,066)
(5,452) Revaluation losses on Property, Plant and Equipment	(1,879)
- Movement on revaluation of Investment Property	
944 Loans fund principal repayments	1,114
3,133 Capital Grants applied	6,779
921 Net Decrease Before Transfers to Reserves	3,451
 Transfers to/(from) Reserves	
16 IORB and Statutory Funds	19
(679) Transfers from the General Fund as directed by the Minister	(450)
(286) HRA share of contributions to/(from) the Pensions Reserve	(346)
(12) Employee Statutory Adjustment Account	13
(961)	(764)
 (40) (Increase)/decrease in the year on the HRA	 2,687
 (1,132) Housing Revenue Account Balance Brought Forward	 (1,172)
 (1,172) Housing Revenue Account Balance Carried Forward	 1,515

Notes to the Housing Revenue Account

1. Number and Type of Dwelling House

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

		2018/19	2019/20
		Number of Dwellings	Number of Dwellings
Bedsit	Houses and Bungalows	20	20
	Flats and Maisonettes	24	24
1 bedroom	Houses and Bungalows	1,079	1,079
	Flats and Maisonettes	659	667
2 bedroom	Houses and Bungalows	2,176	2,178
	Flats and Maisonettes	687	687
3 bedroom	Houses and Bungalows	1,219	1,227
	Flats and Maisonettes	99	99

2. Rent Arrears

The total rent arrears, including rents outstanding from former tenants, as at 31 March 2020 was £0.562m which is 2.97% of gross rental income. This is equivalent to £91.55 per house (2018/19 £0.430m, 2.31%, £70.42).

3. Bad Debt Provision

The provision for uncollectable debts has decreased by £0.002m (decrease in 2018/19 £0.027m). The total provision for uncollectable debts including rechargeable repairs is £0.227m (2018/19 £0.229m).

4. Voids

The loss of rental on void properties for the year was £0.185m (2018/19 £0.166m).

Council Tax Income Account

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

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

2018/19		2019/20
£000		£000
53,238	Council Tax Levied and Contributions in Lieu	56,445
	Deduct:	
(3,741)	Local Council Tax Reduction Scheme	(3,762)
(7,944)	Other discounts and reductions	(8,441)
41,553	Total for Year	44,242
28	Council Tax adjustment in respect of prior years	(118)
(505)	Allowance for impairment of uncollectable debts	(401)
41,076	Transfers to General Fund	43,723

Council Tax Levy

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

The new powers came into effect on 1 April 2013 and Moray Council decided to use these new powers to introduce an additional levy on properties which have been unoccupied for more than twelve months. This additional levy was set at 50% from 1 April 2014 rising to 100% from 1 April 2015. During 2019/20 Moray Council collected £0.4m (£0.3m in 2018/19) from the implementation of this policy. This amount is included in the figures above.

Council Tax Banding

A change to Council Tax legislation made by Scottish Government on 1 April 2017 resulted in an increase in the amount of Council Tax levied on properties in Bands E to H in relation to Band D. The calculation of the Council Tax charge for Bands A to D was unaffected by this change in legislation.

Council Tax Income Account (continued)

Calculation of Council Tax Base Number of Dwellings

	Discounts				Total Equivalent Dwellings	Ratio to Band D	Band D Equivalent
	Number of Dwellings	Number of Exemptions/ Reliefs	25%	Other			
Band A	11,995	793	1,530	227	9,445	6/9	6,294
Band B	10,524	503	1,024	208	8,789	7/9	6,836
Band C	6,981	418	542	141	5,880	8/9	5,227
Band D	6,497	511	401	111	5,474	9/9	5,474
Band E	6,158	249	303	94	5,512	473/360	7,242
Band F	2,267	54	78	47	2,088	585/360	3,393
Band G	679	24	20	22	613	705/360	1,200
Band H	109	53	2	5	49	882/360	120
	45,210	2,605	3,900	855	37,850		35,786
						Add: Contributions in Lieu	919
						Less: Provision for non-collection	551
						Council Tax Base 2019/20	37,256

Calculation of Council Tax

In 2019/20, the charges for each band were as follows:

Band	Property Value £	Number of Properties	Council Tax Charge £
A	Up to 27,000	6,294	£841.20
B	27,000 - 35,000	6,836	£981.40
C	35,001 - 45,000	5,227	£1,121.60
D	45,001 - 58,000	5,474	£1,261.80
E	58,001 - 80,000	7,242	£1,657.87
F	80,001 - 106,000	3,393	£2,050.43
G	106,001 - 212,000	1,200	£2,471.03
H	Above 212,000	120	£3,091.41

Non-Domestic Rate Income Account

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

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

In 2019/20 the rate poundage was 49.0p (48.0p in 2018/19). Properties with a rateable value of more than £0.051m attract a Large Business Supplement of 2.6p (2.6p in 2018/19).

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

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

The Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) from April 2012 to encourage Local Authorities to maximise their existing business rates income and encourage new business start-up. The Scottish Government set a target for each Local Authority and the Local Authority retains 50% of any additional income above the target.

2018/19		2019/20
£000		£000
56,390	Gross Rates Levied	61,712
	Deduct:	
(9,245)	Reliefs and Other Deductions	(13,096)
-	Write-offs of uncollectable debts and allowance for impairment	(3)
47,145	Net Non-Domestic Rate Income	48,613
(844)	Adjustments to previous years' National Non-Domestic Rates	(707)
46,301		47,906
(452)	Business Rates Incentivisation Scheme (BRIS) retention	(1,859)
(5,698)	Contribution (to)/from National Pooling	(2,484)
40,151	Guaranteed Rate Income	43,563
452	BRIS retention	1,859
40,603	Amount credited to the Comprehensive Income and Expenditure Statement	45,422

Non-Domestic Rate Income Account (continued)

Analysis of Rateable Values and Numbers of Entries at 1 April 2019

	Number of Entries	2019/20 Rateable Value £000
Shops	920	19,463
Public Houses	56	1,015
Offices (including Banks)	500	5,803
Hotels, Boarding Houses, etc.	107	2,897
Industrial and Freight Transport Subjects	1,256	51,989
Leisure, Entertainment Caravans and Holiday Sites	766	3,742
Garages and Petrol Stations	122	1,404
Cultural	19	219
Sporting Subjects	571	750
Education and Training	83	7,666
Public Service Subjects	277	13,871
Communications (Non-Formula)	15	1,607
Quarries, Mines, etc.	33	382
Petrochemical	5	723
Religious	158	1,190
Health Medical	52	2,478
Other	442	689
Care Facilities	55	1,996
Advertising	18	33
Undertaking	20	4,212
	5,475	122,129

A revaluation of the rateable values of all non-domestic properties was implemented on 1st April 2017.

Trust Funds

The Council administers 59 trust funds, acting as sole trustee for 55 trusts and as one of several trustees for a further 4 funds. These accounts do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up by various individuals and organisations for the benefit of the community or organisations within the Moray area.

The statements below summarise the trust funds' income and expenditure for the year and the funds' assets and liabilities at 31 March 2020.

Trust Reorganisation

The Council is currently undertaking a review of its trusts, in consultation with the Office of the Scottish Charities Regulator (OSCR), to identify options for restructuring its existing charitable and non-charitable trusts in order to create a smaller number of trusts with improved governance arrangements and with the opportunity to maximise the use of these resources to the benefit of the citizens of Moray. In August 2016, The Moray Council Charitable Trust was awarded charitable status under the Charities and Trustee Investment (Scotland) Act 2005.

Accounting Policies

Basis of Preparation

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

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

The financial statements for the non-charitable trusts have been prepared in accordance with the code of practice on Local Authority Accounting in the United Kingdom 2019/20.

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

Investment Income

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

Resources expended

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

Investments

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

Trust Funds Income and Expenditure Account

2018/19		2019/20	
Connected Charitable £000	Other £000	Connected Charitable £000	Other £000
Income			
(23)	(91)	(25)	(101)
-	(77)	-	(76)
-	(147)	-	(976)
(8)	(30)	-	-
(5)	(30)	-	(27)
(36)	(375)	(25)	(1,180)
Expenditure			
19	60	12	62
6	9	7	11
10	123	-	63
-	-	75	309
-	107	-	126
35	299	94	571
-	(77)	69	(609)
8	70	(75)	541
8	(7)	(6)	(68)

Trust Funds Balance Sheet

2018/19			2019/20		
Connected Charitable	Other		Connected Charitable	Other	
£000	£000		£000	£000	
-	4,556	Property, Plant and Equipment	Note 1	-	5,400
-	74	Investment Properties	Note 3	-	80
518	2,143	Long Term Investments	Note 4	443	1,834
518	6,773	Long Term Assets		443	7,314
1	4	Debtors		1	5
423	1,551	Loans Fund Balance		429	1,619
424	1,555	Current Assets		430	1,624
(5)	(11)	Creditors		(5)	(12)
(5)	(11)	Current Liabilities		(5)	(12)
937	8,317	Net Assets		868	8,926
-	65	Capital Adjustment Account		-	65
-	4,541	Revaluation Reserve		-	5,391
273	1,129	Available for Sale Financial Instruments Reserve		198	820
664	2,582	Revenue Balance		670	2,650
937	8,317	Total Reserves		868	8,926

Notes to the Trust Fund Accounts

Note 1 Property, Plant and Equipment

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

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Assets have been valued on the following basis:-

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

Depreciation:

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

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

Movements of property, plant and equipment were as follows:

2018/19

	Other Land and Buildings	Community Assets	Total
	£000	£000	£000
Gross Book Value at 1 April 2018	4,720	15	4,735
Revaluations	129	-	129
Additions	-	-	-
Gross Book Value at 31 March 2019	4,849	15	4,864
Accumulated Depreciation at 1 April 2018	219	-	219
Revaluations	(18)	-	(18)
Charge for the Year	107	-	107
Depreciation at 31 March 2019	308	-	308
Net Book Value at 31 March 2019	4,541	15	4,556

2019/20

	Other Land and Buildings	Community Assets	Total
	£000	£000	£000
Gross Book Value at 1 April 2019	4,849	15	4,864
Revaluations	98	-	98
Additions	734	-	734
Gross Book Value at 31 March 2020	5,681	15	5,696
Accumulated Depreciation at 1 April 2019	308	-	308
Revaluations	(138)	-	(138)
Charge for the Year	126	-	126
Depreciation at 31 March 2020	296	-	296
Net Book Value at 31 March 2020	5,385	15	5,400

Note 2 Heritage Assets

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

Assets Excluded from Heritage Assets	Estimated number of assets 31 March 2020
Monuments and Fountains	2

Note 3 Investment Properties

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

	2018/19	2019/20
	£000	£000
Balance at start of the year	74	74
Net gains/(losses) from fair value adjustments	-	6
Balance at end of the year	74	80

Note 4 Long Term Investments

Long Term Investments are a mixed portfolio of Unit Trusts.

Note 5 Trust Details

Funds for which The Moray Council act as Sole Trustee

<u>Fund</u>	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Registered Charitable Trusts				
29 Registered Charitable Trusts, each with Assets less than £50,000	(3)	3	174	(1)
Cumine of Auchray <i>Established to provide for decayed merchants of the Burgh of Elgin</i>	(2)	-	133	-
Moray & Nairn Educational <i>Grants payable to persons resident in the former combined County of Moray & Nairn, including University & Central Institution Bursaries; Adult Education; School Equipment; Sports facilities; Travel Grants and School Excursions</i>	(20)	91	566	(4)
	(25)	94	873	(5)

Note 5 Trust Details (continued)

<u>Fund</u>	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Other Trusts				
6 Non Registered Trusts, each with Assets less than £50,000	(2)	7	121	-
Longmore Hall				
<i>Village Hall for the use of the community</i>	(237)	31	1,122	-
Glenisla Comforts Fund	(4)	13	133	-
<i>For the benefit of the residents of Glenisla Care Home</i>				
Speyside Comforts Fund	(2)	6	59	-
<i>For the benefit of the residents of Speyside Nursing Home</i>				
The Pringle Trust	(2)	2	102	-
<i>Established to make payments annually to Ministers, serving and emeriti of the Church of Scotland, Baptist and Free Church of Scotland</i>				
William Lawtie	(9)	2	197	-
<i>For the Poor of Cullen</i>				
The MacDonald Benevolent Fund	(5)	11	272	-
<i>Established in 1989 for persons in need of financial assistance particularly in Dufftown as decided by the Social Work Department</i>				
Milne's Institution Trust	(9)	43	243	-
<i>The free annual income to be applied as The Moray Council thinks fit for the purposes of the educational enrichment of pupils attending Milne's High School and Milne's Primary School. The income shall be apportioned to the schools on a pro rata basis by reference to attendance rolls of the respective schools</i>				
Laing Mortification	(4)	-	302	-
<i>For the benefit of a decayed merchant resident in Elgin.</i>				
Craigmoray Bequest (Bishopmill)	(11)	34	389	-
<i>For the benefit of the residents of Craigmoray Care Home</i>				

Note 5 Trust Details (continued)

<u>Fund</u>	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Ladyhill Public Trust <i>Provides homes for two veterans from the Elgin area</i>	-	5	114	-
Jubilee Cottages Public Trust <i>Trust established by monies raised during Queen Victoria's Diamond Jubilee for the purposes of providing low cost housing</i>	(1)	11	604	-
Cooper Park Public Trust <i>Trust established at turn of last century to provide Elgin library and reading rooms and parkland for recreation – all for the inhabitants of Elgin</i>	(60)	57	401	-
River Lossie Public Trust <i>Established mid 1800's to provide ground for recreation for the people of Elgin</i>	(40)	34	891	-
Grant Park Public Trust <i>Trust incorporating the public convenience, tea room/shop and the cricket and bowling pavilions, to be used for the benefit of the community of Forres</i>	(119)	26	981	-
Miltonduff Hall <i>Established to provide space for local groups for education, recreation etc</i>	-	8	372	-
Logie Cottage <i>Established to provide a free home or house of rest to a respectable retired couple or single woman in Forres</i>	-	4	85	-
Fife Park, Keith Public Trust <i>Trust incorporating the playing field, pavilion and public convenience</i>	-	2	54	-
Portknockie Bowling Club Public Trust <i>Tennis & Bowling Club located in Portknockie</i>	-	4	185	-
Flemming Hall Aberlour	(617)	13	604	-
	<u>(1,122)</u>	<u>313</u>	<u>7,231</u>	<u>-</u>

Note 5 Trust Details (continued)

<u>Fund</u>	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Funds for which The Moray Council acts as one of several trustees				
Registered Charitable Trusts				
Auchernack Trust <i>For the benefit of the elderly community of the Forres Area who are in need of relief by reason of advanced age</i>	(22)	96	677	(1)
	<u>(22)</u>	<u>96</u>	<u>677</u>	<u>(1)</u>
Other Trusts				
Donald Manson (Edinkillie) Fund <i>3 Bursaries for children living in the Parish of Edinkillie in S1 as well as one Further Education Bursary for a student aged under 18. The annual balance of the fund is payable to Forres Academy</i>	(11)	50	307	(9)
Donald Manson (Forres) Fund <i>One bursary for a child living in the Burgh of Forres in S1. The annual balance of the fund is payable to Forres Academy</i>	(3)	12	87	(2)
Banffshire Educational Trust <i>Grants payable to persons resident in the former County of Banffshire, including University, Post Graduate, Apprentices & Trainees; School Equipment; Sports Facilities; Support of Clubs; Promoting Education in Drama, Music & Visual Arts; Travel Grants and School Excursions.</i>	(22)	100	636	-
	<u>(36)</u>	<u>162</u>	<u>1,030</u>	<u>(11)</u>
<u>Fund</u>	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
Summary				
Connected Charitable Trusts	(25)	94	873	(5)
Other Trusts	<u>(1,180)</u>	<u>571</u>	<u>8,938</u>	<u>(12)</u>
Total	<u>(1,205)</u>	<u>665</u>	<u>9,811</u>	<u>(17)</u>

Common Good Funds

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

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

The Accounts for Common Good have been prepared according to the LAASAC Guidance *Accounting for Common Good (December 2007)* which is consistent with proper accounting required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Accounting Policies

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

Common Good Funds Income and Expenditure Account

31 March 2019		31 March 2020
£000		£000
	Income	
(2)	Property	(3)
(96)	Investment Income	(105)
-	Other Income	-
(189)	Net Movement in Fair Value of Investment Property	-
(30)	Gain on Disposal of Asset	-
(317)	Total Income	(108)
	Expenditure	
3	Property Costs	6
5	Administrative Costs	5
56	Donations, Grants etc	40
2	Other Costs	19
440	Depreciation	661
-	Loss on Disposal of Asset	127
-	Net Movement in Fair Value of Investment Property	1,740
506	Total Expenditure	2,598
189	(Surplus)/Deficit for the Year	2,490
31	(Surplus) on revaluation of Non-current Assets	(5,782)
220	Total Comprehensive Net (Income)/Expenditure	(3,292)

Common Good Funds Balance Sheet

31 March 2019		31 March 2020
£000		£000
12,434	Property, Plant & Equipment	Note 1 17,398
204	Heritage Assets	Note 2 204
4,106	Investment Property	Note 3 2,366
<u>16,744</u>	Long Term Assets	<u>19,968</u>
1	Inventories	1
6	Debtors	8
3,457	Loans Fund Balance	3,522
<u>3,464</u>	Current Assets	<u>3,531</u>
(7)	Creditors	(6)
<u>(7)</u>	Current Liabilities	<u>(6)</u>
<u>20,201</u>	Net Assets	<u>23,493</u>
12,628	Revaluation Reserve	17,592
7,573	Revenue Reserve	5,901
<u>20,201</u>	Total Reserves	<u>23,493</u>

Summary of Funds

31 March 2019		31 March 2020	
£000		Invested in Loans Fund	Total Funds
£000		£000	£000
3,588	Buckie	1,520	4,117
186	Cullen	59	186
14	Dufftown	14	14
9,157	Elgin	1,510	13,686
6,218	Forres	360	4,309
52	Portknockie	51	51
202	Keith	7	297
296	Lossiemouth	-	288
488	Findochty	1	545
<u>20,201</u>	TOTAL	<u>3,522</u>	<u>23,493</u>

Notes to the Common Good Accounts

Note 1 Property, Plant and Equipment

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

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Assets have been valued on the following basis:-

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

Depreciation

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

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

Surplus Assets - land is not depreciated

Movements of Property Plant and Equipment were as follows:

2018/19

	Other Land & Buildings £000	Surplus Assets £000	Assets Held For Sale £000	Total £000
Gross Book Value at 1 April 2018	13,504	875	-	14,379
Revaluations	47	(120)	-	(73)
Reclassifications	(30)	(5)	35	-
Disposals	-	-	(5)	(5)
Gross Book Value at 31 March 2019	13,521	750	30	14,301
Accumulated Depreciation at 1 April 2018	1,467	2	-	1,469
Revaluations	(40)	(2)	-	(42)
Charge for the Year	440	-	-	440
Depreciation at 31 March 2019	1,867	-	-	1,867
Net Book Value at 31 March 2019	11,654	750	30	12,434

Note 1 Property, Plant and Equipment (continued)

2019/20

	Other Land & Buildings £000	Surplus Assets £000	Assets Held For Sale £000	Total £000
Gross Book Value at 1 April 2019	13,521	750	30	14,301
Revaluations	4,471	(425)	-	4,046
Reclassifications	-	-	-	-
Disposals	(139)	-	(30)	(169)
Gross Book Value at 31 March 2020	17,853	325	-	18,178

Note 2 Heritage Assets

This note details the movement in Heritage Assets during the years 2018/19 and 2019/20.

	Fine Art £000	Chains of Office £000	Total Heritage Assets £000
Valuation at 1 April 2018	125	79	204
Revaluations	-	-	-
At 31 March 2019	125	79	204
Valuation at 1 April 2019	125	79	204

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

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

	Estimated number of assets 31 March 2019
Monuments and Fountains	3
Nelson Tower	1

Note 3 Investment Property

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

	2018/19	2019/20
	£000	£000
Rental income from investment property	43	51
Net gain	43	51

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

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

	2018/19	2019/20
	£000	£000
Balance at start of the year	3,917	4,106
Net gains /(loss) from fair value adjustments	189	(1,740)
Balance at end of the year	4,106	2,366

Glossary of Terms

Capital Expenditure

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

CIPFA

Chartered Institute of Public Finance and Accountancy

Current value

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

Economic Cost

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

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS

International Financial Reporting Standard

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Public Works Loan Board (PWLB)

A Government Agency which provides loans to the Council.

Revenue Expenditure

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

SeRCOP

Service Reporting Code of Practice

The Code

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

Sources of Additional Information

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

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



REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: 2020/21 CAPITAL PLAN UPDATE

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT & FINANCE)

1. REASON FOR REPORT

- 1.1 To update the Cabinet on the Capital Plan for 2020/21 and future ten years
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

2.1 It is recommended that the Cabinet:

- (i) Approves the amended Capital expenditure for 2020 / 21 as set out in the revised indicative ten year capital plan in APPENDIX 1;**
- (ii) Approves the detailed expenditure on areas falling within the remit of the Economic Development and Infrastructure Services Committee as set out in APPENDICES 2 to 5; and**
- (iii) Notes that a more detailed review of the Capital Plan will be conducted and presented to Committee in December**

3. BACKGROUND

- 3.1 The capital plan for 2020/21 of £42,319,000 was approved by a Special meeting of Moray Council on 3 March 2020 (paragraph 3 of the Minute refers)
- 3.2 The Council's Financial Regulations provide for service committees approving the detail of the capital plan for the areas under their remit before capital expenditure is incurred. Due to the timing of the lockdown and provisional arrangement thereafter, the detail of capital spend which would have been reported to Economic Development and Infrastructure Services Committee on 17 March 2020 remains unreported, The reports prepared for that committee

are appended to this report for Council's consideration, **APPENDICES 2 to 5**.

- 3.3 Because of the response to Covid-19 pandemic, there has been little capital expenditure incurred in the first quarter of 2020/21. Consequently an initial high level review of the capital plan has been carried out with budget managers to establish a quarterly spend profile for the 2020/21 capital programme and also to revise planned expenditure for the year where that is inevitable.
- 3.4 As a result of the Covid-19 pandemic and the delays and uncertainty which this has created, together with the additional pressure on officers' resources and time, the current revision is viewed as a holding report prior to conducting a fuller review in the coming months.. The revised plan, if approved, will be subject to a detailed review of the capital plan for the three years from 2020/21 to 2023/24 over the summer, with a proposed revised three year capital plan reported to Committee in December along with the estimated actuals for 2020/21.

4. **CAPITAL PLAN 2020/21**

- 4.1 A copy of the revised capital plan is included as **APPENDIX 1**. The revised capital plan for 2020 / 21 of £42,401,000 remains close to the budget presented on 3 March 2020. As a result of the Covid-19 pandemic, much of the original planned expenditure for Quarter 1 has been delayed into quarters 2 through 4 for 2020 / 21. However, a number of projects have had to be moved out entirely into future years. A summary of the movements is set out in the table below and details are discussed in paragraphs 4.2 to 5.3 of this report.

Service Area	Para	2020/21 £000s	Future Years £000s
Lands & Parks	4.3	(270) 10	270 (10)
Flood Risk Management	4.4 5.2	(184)	200 3,600
Industrial Portfolio	4.5	(30)	30
Transportation	4.7	264	
Libraries & Leisure	4.8	40	
TOTAL		(170)	4,090

- 4.2 ICT and Education have not altered their previous Capital plans as they are assessing how the Covid-19 crisis will impact their service and concentrating on supporting the Council in its recovery plans. These areas will be prioritised for the more detailed review scheduled for submission to Committee in December.

4.3 **Land and Parks**

As a result of the current situation impacting upon available time, a number of capital projects have been moved from 2020/21 into the following year. These

include: £100,000 for the replacement of Children's Play Park equipment; £50,000 for cemetery infrastructure; £100,000 for parks and open spaces infrastructure and £20,000 for operational work arising from tree survey. £10,000 has been pulled forward from 2022/23 for consultancy work in relation to cemetery provision.

4.4 **Flood Risk Management**

Due to resource issues impacting upon the department's ability to undertake the work in-house, the design and promotion budget of £184,000 for Lossiemouth Seatown flood risk management scheme has been delayed from 2020/21 to 2022/23 and increased to £200,000

4.5 **Industrial Portfolio**

As a result of delays due to Covid-19 the capital budget of land acquisition at Forres has been moved out by one year with the initial scope at a budget of £30,000 being moved into 2021/22 and the purchase of the land of £251,000 into 2022/23. It is too early to assess the impact of Covid-19 on the local property market but this should become clearer over the coming months and will be updated in the December report.

4.6 **Roads**

In the estimate of the financial impact of Covid -19 reported to Council on 17 June 2020, reference was made to the fact that due to slippage on the Council's road capital programme the Council would be unable to capitalise the amount budgeted for roads staff time spent on capital projects. The current recension of the plan indicates that the approved capital budget will be spent in full by re-profiling. If this is achieved then it removes the budget pressure of £1.6m noted in the report on the 17 June 2020. To deliver the capital plan in a truncated period and with the constraints which will be placed regarding social distancing will be challenging and it is anticipated that following detailed review there will be an element of slippage in the programme.

4.7 **Transportation**

The capital funding grant from the Scottish Government for CWSS (Cycling, Walking and Safer Streets) for 2020/21 has been increased from £157,000 as notified in finance circular 1/2020 on 6 February 2020 to £421,000 as notified by the Scottish Government in finance circular 2/2020 on 10 March 2020

4.8 **Libraries & Leisure**

Moray Council and Moray Leisure Centre, Fit-Life system merger using Gladstone at a cost of £39,600. This will allow for a better customer experience across the Fit-Life Scheme as members will be able to book online at either organisation's facilities.

5. **CAPITAL PLAN – SUBSEQUENT YEARS**

5.1 **Bridges**

As a result of deterioration quicker than originally anticipated, the capital spend on Arthur's bridge requires to be pulled forward by 3 years from 2027/28 to 2024/25. As a result of this, Foths Burn bridge and Cappies Hill

bridge repairs have been rescheduled from 2024/25 to 2026/27 to accommodate the demand on the services time from the work that will be required on Arthurs bridge.

5.2 **Flood Risk Management**

An oversight in the original capital plan meant that the food risk prevention scheme for Portessie was missed from the original capital plan. The feasibility study for this project has previously been carried out and agreed with Economic Development and Infrastructure Services Committee on 5 November 2019 (paragraph 10 of the Minute refers) to put forward for inclusion in the next Flood Risk Management Plan, which remains outstanding. Initial consultancy and scoping work scheduled for 2024/25 of £200,000 and the main work planned for 2027/28 at a cost of £3,400,000. This scheme will be subject to 80% grant funding from the Scottish Government.

5.3 **Industrial Portfolio**

The capital cost of £907,000 for the construction of new units at Forres has been moved out by a year from 2021/22 into 2022/23 to coincide with the purchasing of the land (see paragraph 4.5).

5.4 **ICT**

ICT are preparing a strategy on response and recovery from Covid-19 crisis. This will be reported to Council when developed. The service anticipates making a significant change in terms of our desktop strategy and will be moving away from virtual desktop technology / thin clients to a position where most staff will have a laptop as this ensure greater flexibility for working between the office and at home – and also helps with the constraints that will be in place in the office in order to maintain social distancing. An impact of moving to this strategy will be the replacement cycle will shorten from 7 years to 5 years

5. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

The capital plan is one of the vehicles through which the Council's priorities can be delivered. The approved capital plan for 2020/21 and the outline ten year plan incorporate measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people, adults leading safer lives and sustainable economic development.

(b) Policy and Legal

There are no policy or legal implications arising directly from this report.

(c) Financial implications

The financial implications are highlighted within the report and **APPENDIX 1** to the report.

(d) Risk Implications

Budget managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from Council in line with the financial regulations.

(e) Staffing Implications

There are no staffing implications arising directly from this report

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising from this report

(h) Consultations

All capital budget managers have been consulted in the development and preparation of this report. All Heads of Service and the Corporate Management Team have been consulted and any comments incorporated in the report.

7. CONCLUSION

7.1 Amendments to the capital plan amounting to a reduction in 2020/21 of £170,000 and increase in future years of £4,090,000 (subject to capital grant funding of £2,720,000 from the Scottish Government for £3,400,000 of the additional expenditure) are recommended in this report, which also is the vehicle for approval in detail of budget headings within the remit of the Economic Development and Infrastructure Service Committee

7.2 Due to the disruption caused by the Covid-19 pandemic this update to the Capital Plan for 2020/21 and subsequent ten years should be viewed as an interim holding report and a more detailed review will be conducted and reported to Committee in December.

Author of Report: Paul Connor, Principal Accountant
Background Papers:
Ref:

Moray Council Capital Programme 2020/21 onwards

Category	Area	£000's										
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Core Programme												
	Bridges	1,079	770	3,839	690	7,154	650	730	50	610	50	15,545
	Car Parks	484	358	130								757
	Corporate	3,122	4,301	4,001	3,852	2,210	1,774	3,849	3,193	2,926	2,960	32,188
	Economic Development	500	2,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	2,500	40,000
	Flood Risk Mgt & Coastal Protection			100	1,296	200	1,000	1,050	3,400			7,046
	Harbours	747	300	300	300	300	300	300	300	300	400	3,547
	ICT	916	456	553	611	579	542	502	632	502	562	5,855
	Industrial Portfolio	229	87	3,111	1,630	1,105	2,286	1,190	60	755	645	11,098
	Libraries & Leisure	100	420	1,320	1,140	183	140	140	140	140	140	3,823
	Mortuary Services											0
	Parks & Open Spaces	45	585	2,085	755	935	305	305	305	305	305	5,930
	Road Improvements	3,600	4,060	4,600	7,100	7,800	8,900	10,600	12,600	11,100	11,100	81,460
	Road Safety	355	362	304	366	334	328	330	407	312	312	3,410
	Street Lighting	1,100	800	800	800	800	800	800	800	800	800	8,300
	Traffic	648	43	23	23	39	7	43	43	1,061	39	1,969
	Waste Management	12,206	8,040	2,896	410	110	110	110	110	110	110	24,212
	Schools BB and other minor works	3,433	6,620	6,890	6,915	10,190	10,190	10,890	10,890	10,190	10,890	87,098
	Schools New Builds and Refurbishments	13,877	12,768	3,000		12,250	6,750	31,800	35,100	7,500	61,000	184,045
Core Programme Total		42,441	41,970	38,952	30,888	49,189	39,082	67,639	73,030	41,611	91,813	516,283
Funding												
	Grants & Contributions	(10,172)	(7,751)	(8,183)	(7,871)	(8,937)	(7,751)	(7,751)	(12,099)	(8,151)	(7,751)	(83,433)
	Loans	(32,269)	(34,219)	(30,369)	(22,617)	(39,852)	(30,931)	(59,488)	(60,531)	(33,060)	(83,662)	(429,650)
	Receipts	0	0	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(3,200)
Funding Total		(42,441)	(41,970)	(38,952)	(30,888)	(49,189)	(39,082)	(67,639)	(73,030)	(41,611)	(91,813)	(516,283)
Grand Total		0	0	0	0	0	0	0	0	0	0	0



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 17 MARCH 2020

SUBJECT: TRANSPORTATION AND CAPITAL BUDGET REPORT

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Committee of plans to deliver the capital and revenue programme in Transportation for 2020/21.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2), (F) (15), (17), (18), and (25) of the Council's Scheme of Administration in relation to the consideration of Capital and Revenue Budgets and long term financial plans.

2. RECOMMENDATION

2.1 Committee is asked to

- (i) approve the plans to deliver the capital and revenue programme for 2020/21 as contained in this report; and**
- (ii) delegate authority to the Head of Environmental and Commercial Services to apply for grant funding as set out in paras 7.11 – 7.13 of this report.**

3. BACKGROUND

- 3.1 The Transportation team delivers the Council services and duties in relation to public transport, home to school transport, transport development, traffic management, road safety, sustainable travel, car parks, and harbours as well as advising and preparing recommendations to members on matters of transport strategy.
- 3.2 This report sets out the plans of each team within Transportation to deliver those services and duties in line with the approved revenue and capital budgets for the financial year 2020/21.

4. PUBLIC TRANSPORT UNIT

- 4.1 The 2020/2021 revenue budget for the Public Transport Unit is £4.7 million. As in previous years, the major element of this relates to the statutory provision of entitled home to school transport. The budget has been factored up to include five more school days in this financial year compared with 2019 - 2020. The major areas of expenditure are set out below.

Category	£k
Home to School Transport	£4,161
Infrastructure, Systems and Services	£60
Dial M	£264
Social Care Projects and Day Service	£0 (net position)
Staff Costs (excluding drivers)	£250
Income	£-235
Total	£4,500

Home to School Transport

- 4.2 The Council has a statutory duty to provide transport between home and school for entitled pupils to their zoned schools. The entire service was retendered in February 2019 with a continued mix of external coach, bus and taxi suppliers supplemented by use of the Council's own vehicles. The school routes are designed to maximise efficiency in line with the needs of the individual schools and includes transport for youngsters with Additional Support Needs to enhanced provision centres across Moray.
- 4.3 The budget for this service is £4.2m and provides transport for 2,600 pupils per year. Income of £10k is also budgeted in relation to Privilege Transport (use of the school bus services by pupils who are not entitled to free provision).

Infrastructure, Systems and Services

- 4.4 This area of expenditure covers the statutory maintenance of bus stop and passenger shelter infrastructure plus software licensing and maintenance fees for the Dial M demand responsive booking system and on bus ticket machines.

Dial M

- 4.5 This is the budget allocated to Dial M which includes a proportion of the overall vehicle and property costs associated with delivery of public transport.

Minibus Hires and Social Care Transport

- 4.6 The Public Transport Unit provides transport for vulnerable adult social care transport to projects, day care and respite. These costs are charged back to the various social care and project teams. Some income is also generated from hires of minibuses to external sources.

Income

- 4.7 The Public Transport Unit generates income from a number of sources including concession fare reimbursement, bus services operator grant (BSOG), NHS Grampian patient release contract and various service users income. As mentioned above, income is also accrued through the sale of Privilege Transport school bus places.

5. HARBOURS & DREDGER

- 5.1 The total revenue maintenance expenditure can be split into categories as follows:

Description	£
Dredging services	180,000
Maintenance	103,390
Inspections & surveys	25,000
Port Marine Safety Code compliance	6,500
Total	314,890

Infrastructure Maintenance

- 5.2 This will include the following items, although the full amount is not allocated to enable reactive repairs such as winter storm damage to be carried out:

- Ladder repairs / replacement
- Repairs to pier and harbour surfaces (potholes, storm damage etc.)
- Repairs to safety railings and barriers
- Maintenance and upgrade of all LSA (Life Saving Appliances)
- Upgrade of harbour signage
- Pontoon repairs (including replacement sections, chains, hinges, and decking)
- Refurbishment and painting of quayside furniture and equipment e.g. lighthouses, bollards and toe rails.
- Repairs to and replacement of navigation lights
- Repairs to various items of equipment e.g. fish barrow wheels, chiller doors and curtains, replacement of water hoses
- Harbour property repairs as managed by Estates
- Cleaning and maintenance of slipways
- Repairs to harbour lighting in conjunction with Street Lighting
- Pest control, drain clearance
- Replacement of oil spill response equipment
- Maintenance and upgrade to Lifejackets and PPE for staff
- Annual Service and Calibration of Weighbridge at Buckie Harbour
- Annual Service and Calibration of Scales in the Fishmarket building
- Renewal of dredging licences (2 commercial harbours)
- Staff medical examinations (ENG 1)
- Repairs to concrete joints on Pier 1 Buckie

- Upgrade and replacement of items of equipment such as VHF radios
- Maintenance of Pilot Boat
- Maintenance of Dredger

Inspections & Surveys

5.3 Engineering surveys, including underwater work, are carried out periodically by an external contractor to determine the state of the harbour structures. This work is now managed by Consultancy in close co-operation with the harbours team. These detailed surveys of the harbour structures are vital to assist in programming capital works effectively, and are normally carried out every 2 years. The survey plan for the next 6 years is detailed in the following table.

Harbour	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Buckie		Boat			Dive	
Burghead			Dive			Boat
Cullen	Dive			Boat		
Findochty	Boat			Dive		
Hopeman		Dive			Boat	
Portknockie			Boat			Dive

Boat – visual inspection from a vessel

Dive – in water inspection

5.4 Bathymetric surveys are planned for all 6 harbours to link in with dredging activity, again carried out every 2 years. Surveys are also carried out periodically on the harbour estate when required e.g. asbestos, contaminated land.

Port Marine Safety Code Compliance

5.5 A marine consultant is engaged as Designated Person to ensure that the council is fully compliant with the Port Marine Safety Code, which is the industry guidance document for good practice produced by the Department for Transport and the Maritime and Coastguard Agency. The duty of Designated Person is a prescribed post in the Port Marine Safety Code.

Income

5.6 Income generated by harbours has generally been increasing year on year, as detailed in the chart below.



5.7 The 2019/20 income figure used for the graph is a projection based on latest income for February and an estimate for March.

5.8 The steady increase is the result of benchmarking and rationalisation of harbour fees and charges, and the hard work put in by the team on the front line to deliver quality services to all our customers.

5.9 The outline dredging plan for Moray Council harbours for 2020/21 is as follows:

Days dredging 2020/21							
	Burghead	Buckie	Findochty	Portknockie	Cullen	Hopeman	Total
Budget	90K	39K	24K	9K	6K	12K	180K
Days	30	13	8	3	2	4	60
OUTLINE PLAN							
April	2	0	0	3	2	2	9
May	0	0	8	0	0	2	10
June	10	0	0	0	0	0	10
July	3	7	0	0	0	0	10
Aug	10	0	0	0	0	0	10
Sept	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0
Nov	5	0	0	0	0	0	5
Dec	0	6	0	0	0	0	6
Jan	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0
Total	30	13	8	3	2	4	60

	Days
Q1	29
Q2	20
Q3	11
Q4	0
Total	60

Notes:

- Internal dredging targeted during spring & summer
- External dredging allowed for during autumn months
- No plans for 4Q to allow for contingency
- Extra dredging possible at Findochty for new pontoon project

5.10 On average the dredger will load approximately 180 tonnes into the hopper per dig, and aim to carry out 2 digs per day. However, this will depend on the specific gravity of the material being dredged, the tides, and the prevailing conditions on the day - not only at the dredge location but also at the sea disposal site.

5.11 Actual days worked at any of the harbours will depend on weather and tide, and availability of crew, vessel and machinery. Therefore the final split of days across the harbours will change over time. The priority of the harbourmaster will always be to maintain the depth of the channel and approaches to the commercial harbours at Buckie and Burghead. Hopeman, Findochty and Cullen are classed as drying harbours. However, the harbour authority has a duty and responsibility to ensure safe passage of vessels to and from their berths. Portknockie always has a good depth of water and

needs minimal maintenance dredging. It is the intention to deliver the number of days planned in each harbour over the financial year. The current 3 year dredging licences for the commercial harbours at Buckie and Burghead are valid until 2021. The application process for renewing these licences has begun. The licences for the leisure harbours at Cullen, Portknockie, Findochty and Hopeman are valid until 2023.

- 5.12 There is £250k in the capital plan for the replacement of Findochty pontoon system which had been identified as life expired. Life extension works had previously been carried out to the pontoons in line with the council's make do and mend policy, however, recent storm weather has resulted in the pontoons being closed for public access due to the damage. Project delivery of a new pontoon system will take a minimum of six months from project approval due to the length of the marine licensing process. At the time of writing the potential for any short term repairs pending installation of a new pontoon system is being assessed, and a verbal update can be provided.

6. TRANSPORT DEVELOPMENT

- 6.1 The transport development team has a revenue budget of £32,500 (excluding staffing costs). This is for required system licences such as Geographical Information Systems (GIS) and the Trip Rate Information Computer System (TRICS) and a modest amount for commissioning transport studies – principally for runs of the traffic model to support the team's role in assessing the impact of changes to the road network and providing input into the Local Development Plan.

7. TRAFFIC

- 7.1 The Traffic team has a net revenue budget of £300k. This covers the statutory duties in relation to road safety, streetworks and road construction consents. The planned expenditure is set out in more detail below.
- 7.2 The revenue budget includes an anticipated income of £260k. This comprises £166,345 for processing Temporary Traffic Regulation Orders and issuing permits such as Road Opening Permits. £93k is budgeted for income relating to Roads Construction Consent inspections.
- 7.3 The Council has a statutory duty to carry out studies of road accidents and "take such measures as appear to the authority to be appropriate to prevent such accidents". The Road Safety budget of £130k in the capital plan provides funding to deliver works in priority areas and a small allowance for minor interventions. This year's allocation includes £30k skid resistant measures with the balance of £100k for small schemes to improve safety on Moray's road network, including the relocation of pedestrian crossings on Thornhill Road and in Fochabers and alterations to the road humps in Mosstodloch.
- 7.4 The Council has a statutory duty to provide disabled parking spaces near the homes of eligible people when they apply. The Council also receives requests for dropped kerbs to assist people with mobility disabilities and parents with pushchairs at places where they need to cross the road. The Disability Adaption capital budget enables the Traffic Team to deliver appropriate improvements. This £6k budget provision will enable in the region of 80 spaces and approximately 35 dropped kerbs.

- 7.5 The New Road Signs & Markings capital budget of £57k is for the provision of new road signs, markings and the like to allow the Traffic team to react to changes to the road network – often highlighted by communities, elected members and council officers. This will include new signs and road markings replacing life expired elements with a particular focus on the replacement of the rubber mounts of cats-eyes (£20k), and new signing and lining works relating to Traffic Regulation Orders.
- 7.6 There is a small capital allocation of £7k for the maintenance of traffic data equipment. Councils are required to provide Transport Scotland with some data and regularly carry out other surveys to help respond to concerns raised or to influence design decisions. The collection and analysis of data is also a key part of providing an evidence base in relation to the Local Development Plan. The budget will enable the replacement of life expired items such as batteries and for the repair of permanent automatic traffic counter sites.
- 7.7 Moray Council has been awarded £264k for Cycling, Walking and Safer Streets (CWSS), this annual funding is specifically ring fenced with the following purpose:
- “The grant shall be used only for the purpose of undertaking a programme of works for local cycling, walking and safer streets projects. The Council shall consider spending a minimum of 36% (national average spend on cycling) and preferably over 50%, of the grant for the purposes of undertaking a programme of works promoting cycling and walking for both short and long distance journeys and achieving Scotland’s vision that by 2020 10% of everyday journeys will be made by bike, as outlined in the Cycling Action Plan for Scotland (CAPS) 2013.”*
- The CWSS budget will be used, wherever possible, in combination with other grant funding to maximise income streams for improving cycling and walking facilities and encouraging active travel. It is also proposed to use this budget to deliver the signage and road markings associated with the School Streets pilot project and for use as match funding for the Low Carbon Travel and Transport project (should the funding be allocated see paragraph 7.11 below). The CWSS budget will also be used to enable the provision of a new footway in Hopeman, for which there is partial funding secured through Developer Obligations.
- 7.8 Capital provision has been made to forward deliver the Orchard Road signal scheme at a cost of £220k. The scheme will be fully funded by developer obligations. Partial monies have already been received with the balance due from forthcoming development.
- 7.9 An application has been made to the Low Carbon Travel and Transport Fund for the upgrading of the Speyside Way between Carron and Cragganmore. This application was approved by this Committee at its meeting on 21 January 2020 (para 8 of the minute refers).
- 7.10 An application has been made to the Smarter Choices Smarter Places (SCSP) fund for £87k for support to deliver active travel promotions in relation to schools, with specific support for the School Streets project, marketing of the Moray Council operated bus services (particularly in the Speyside area) and for support in developing the Moray Council Headquarters Travel Plan. This fund is

for behaviour change activities which promote the use of sustainable transport modes. The fund is allocated to all Local Authorities on the basis of an application which was submitted on 31 January 2020.

- 7.11 Funding from the 'Places for Everyone' fund administered by Sustrans has been awarded for design support to develop improvements to the pedestrian and cycle networks near Forres Academy (Routes 8e and Z1L of the Forres Active Travel Feasibility Study) and in Lossiemouth alongside Coularbank Road (identified in the Lower Speeds Communities – Lossiemouth community engagement process). Further applications for funding for the implementation of pedestrian and cycle improvements at these locations will be made during the coming financial year. It is requested that delegated authority is granted to the Head of Environmental & Commercial Services to approve these applications.
- 7.12 A Switched on Towns and Cities Feasibility Study, which is currently being carried out by the energy Savings Trust on behalf of the council, will support applications for Electric Vehicle (EV) charging infrastructure and the electrification of the Moray Council fleet. It is requested that delegated authority is granted to the Head of Environmental & Commercial Services to approve future applications for EV related funding.
- 7.13 In line with the Transportation team's remit to promote road safety, sustainable & active travel and public transport, there can be mid-year opportunities to benefit from grant funding to deliver these priorities. The deadlines often preclude the submission of a report to service committee. It is requested that delegated authority is granted to the Head of Environmental & Commercial Services to approve grant funding applications where these fit with clear 'business as usual' work priorities, and do not require any other unbudgeted expenditure by the council.
- 7.14 The Traffic Team is responsible for a revenue budget for traffic signals, signs and lines for general maintenance and the refreshing of road markings. The delivery of the budget is held by Roads Maintenance Manager and will be reported separately.

8. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Carrying out the planned functions of the Transportation team as per the proposed expenditure above enables the fulfilment of statutory duties and contributes towards the council priorities of a growing sustainable economy, healthier citizens and safer communities.

(b) Policy and Legal

Delegated authority to make grant applications is requested in section 7 of the report above, which is a deviation from the Financial Regulations. The Head of Finance has been fully consulted and supports the request.

(c) Financial implications

The CWSS and SPSC budgets are ring fenced grants. CWSS is included in the council's Scottish Government settlement. SPSC is a dedicated fund which the council must apply for which is administered by Paths for All on behalf of Scottish Government.

(d) Risk Implications

The predicted incomes for harbours, traffic and car parks are based on the best available information.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising from this report. There are various expenditure items which promote equalities and / or have a socio-economic benefit, in particular the spend on road safety and public transport.

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), Head of Environmental & Commercial Services; Legal Services Manager, Chief Finance Officer, Principal Accountant (P Connor), Equalities Officer and Committee Services Officer (L Rowan) have been consulted and their comments incorporated into the report.

9. CONCLUSION

9.1 Committee is asked to approve the proposed spend of the capital and revenue budgets for 2020/21.

Author of Report: Nicola Moss, Transportation Manager
Background Papers:
Ref:

FENVAL



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 17 MARCH 2020

SUBJECT: BRIDGES CAPITAL AND REVENUE BUDGET REPORT

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

1.1 To ask Committee to agree the proposed schedule of bridge Revenue and Capital maintenance works to be undertaken for 2020/21.

1.2 This report is submitted to Committee in terms of Section III (A) (2) of the Council's Scheme of Administration relating to the consideration of Capital and Revenue Budgets and long term financial plans.

2. RECOMMENDATION

2.1 **It is recommended that Committee agree the proposed schedules of road bridge Revenue and Capital maintenance works and non-network bridge Capital maintenance works to be undertaken for 2020/21.**

3. BACKGROUND

3.1 Under the Roads (Scotland) Act 1984, Moray Council has a duty to manage and maintain the safety of the road network in Moray. Moray Council's road network includes 376 bridges and 160 retaining walls, with a replacement value of £115 million.

Revenue Schemes Progress in 2019/20

3.2 Planned maintenance work was undertaken on one bridge during 2019/20. This work included repairs to a damaged concrete deck. There were also minor repairs to replace damaged components. Other planned schemes were deferred to accommodate reactive works. The deferred schemes have been included in the programme of work for 2020/21.

3.4 Reactive maintenance was undertaken on six bridges during 2019/20. This work was predominantly repairs to vehicle collision damage at five bridges. Four of these were hit-and-run incidents and the Council has had to fund the repairs, as the cost could not be recovered from the driver. Bridge of Dunnyduff at Keith was by-passed with a temporary bridge as the existing

structure was assessed as unsafe. The bridge provides sole access to homes, farms and a water treatment works, so a temporary bridge is required to maintain access, until funding for a permanent bridge is available. An allowance to construct a permanent bridge at Dunnyduff is included in the capital plan for 2028/29.

- 3.5 At the time of writing this report, it is anticipated that there will be less than 5% underspend on the £130,000 Road Bridges Revenue budget for 2019/20, as detailed in **APPENDIX 1**.

Bridges Revenue Programme for 2020/21

- 3.6 The maintenance and replacement programme for the bridge stock is based on scheduled inspection reports. These are entered into the asset management database where a bridge condition indicator (BCI) is automatically generated for each bridge. A list of the stock is obtained giving the condition (very good, good, fair, poor, very poor) of each bridge. The condition of Moray Council's bridge stock is provided in **APPENDIX 2**. Resources are targeted at the lower (poor, very poor) end of the scale, also taking into account the criticality or importance of the route carried. A bridge is considered to be of critical importance if it carries more than 7000 vehicles per day or provides sole access to property. If an inspection report indicates that maintenance works would significantly reduce future costs, engineering judgement is used to assess if this work should be prioritised over bridges with a lower BCI.
- 3.7 The bridges revenue budget for 2020/21 has been reduced from £130,000 to £105,000 as agreed by Moray Council on 12 February 2020 (paragraph 10 of the draft minute refers). The programme of work that will be undertaken during this year is provided in **APPENDIX 3**. This work includes but is not limited to masonry repairs, vegetation management and principle inspections. No allowance has been included for unplanned works that are identified through inspections, or as a result of accidental damage. In the event of collision damage, an investigation into the cause and person responsible is undertaken, and where possible the cost of repair is recovered. However, as collisions are not always reported it is often not possible to identify the person responsible. In these cases the site will be made safe (e.g. the damaged area barriered off or if necessary the road closed). Repairs will be considered for inclusion in the Revenue or Capital programme in a subsequent year. If repairs are very urgent, e.g. a sole access is severed, the position will be reviewed.

Capital Schemes Progress in 2019/20

- 3.8 Planned Capital works were undertaken to seven Vehicle Restraint Systems and two Bridge refurbishment schemes. A more detailed break-down of the projects is provided in **APPENDIX 4**. These schemes have been designed and developed during the early part of the current year, with works starting on site in August 2019, and anticipated to be complete in March 2020.
- 3.9 The project to install a weight limit and traffic signals at B9103 Arthur's Bridge was completed in February 2020.

- 3.10 Phase 1 of the project to refurbish A941 New Craigellachie Bridge is underway. This scheme has a £1,850,000 budget in the current year of the Capital Plan. The project is due to complete on site in March 2020.

Capital Schemes Programme for 2020/21

- 3.11 Refurbishment and major works for the bridge stock are based on scheduled inspection reports. Where significant maintenance or refurbishment works, which will extend the life of the structure are required, funding for this work is sourced from the Council's Capital budget.
- 3.12 The bridges Capital Projects for 2020/21 include strengthening and refurbishment of Bantrach Bridge and MacDowall Bridge and the replacement of Tomliath Bridge with a total value of £952,000. These three bridges have been prioritised for works this year as they are all significantly understrength and provide the sole access to a number of homes and businesses.
- 3.13 The budget for Vehicle Restraint System (VRS) is £107,000 plus approximately £38,625 intended to be carried forward from the current year. The schemes in this rolling programme of VRS replacement are prioritised on the condition of the existing VRS and the importance and traffic flow of the route they protect.
- 3.14 The budget for Multi-Storey Car Park maintenance is £114,000 per year. In 2019/20 a scheme was developed to replace the waterproofing at Batchen Lane Car Park, which will utilise £215,000 rolled forward from 2019/20, plus the 2020/21 budget.
- 3.15 The combined budget for all three work streams is £1,426,625. A more detailed break-down of the projects is provided in **APPENDIX 5**.

Non-Network Bridges Capital Programme for 2020/21

- 3.16 Maintenance of the Council's 107 non network bridges, which consist of footbridges and some small vehicular bridges, is funded through a capital allocation of £50,000 per year. £80,000 is to be rolled forward from the past two years and will contribute to the scheme to replace the life-expired Findochty Caravan Park Footbridge. The design has been developed during 2019/20, and is to be tendered in March 2020 for delivery in summer 2020. Elements of Sanquhar Footbridge damaged during Storm Ciara in February 2020 are to be replaced during summer 2020. A detailed break-down of the projects is provided in **APPENDIX 6**.

4. SUMMARY OF IMPLICATIONS

(a) Moray 2026: A Plan for the Future and Moray Corporate Plan 2017 – 2022

The maintenance of the road infrastructure aligns with the Council's policy to provide Sustainable Economic Development (Priority 1).

(b) Policy and Legal

This work is undertaken in accordance with the Council's duty to maintain a safe road network, under the Roads (Scotland) Act 1984.

(c) Financial implications

The proposed capital and revenue works as estimated are to be contained within the Council's budget for 2020/21.

(d) Risk Implications

There are no risk implications associated with this report.

(e) Staffing Implications

There are no staffing implications associated with this report.

(f) Property

There are no property implications associated with this report.

(g) Equalities

There are no known equalities implications arising from this report.

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), Head of Environmental and Commercial Services, Legal Services Manager, P Connor, Principal Accountant, Development and Operations Manager for Harbours, L Rowan, Committee Services Officer and the Equal Opportunities Officer have been consulted and comments have been taken into account.

5. CONCLUSION

- 5.1 The Council has a duty under the Roads (Scotland) Act 1984 to maintain a safe road network. Maintenance and repair of the infrastructure is part of the Council's Corporate Plan 2017 – 2022 to provide sustainable economic development. The proposed allocations for 2020/21 Bridges Revenue and Capital Budget takes account of both, based as far as practicable, on a risk-based plan-led approach.**

Author of Report: Daniel Preston Senior Engineer (Bridges)

Background Papers:

Ref:

SCOTS Roads Asset Management (Bridges)

Spreadsheet ST6 Structures Cost Projection V3.3 2016

APPENDIX 1 – REVENUE WORK PROGRAMME FOR 2019/20

Revenue Works 2019/20			
Bridge	Proposed Works	Estimated Cost	Comments
Bantrach Bridge	Multiple issues, review required	£5,000	Reactive Road Traffic Collision make safe completed. Review has increased the scope, now in Capital Plan. £15,000 allocated to Drum Bridge.
Auchriachan	Extensive investigations and structural assessment required.	Nil	Investigation complete. Assessment in Mar '20, staff time, so no external costs. £5,000 reallocated to Reactive Repairs.
Doual Bridge	Repair pedestrian parapets, install abutment scour protection	Nil	Deferred, £5,000 allocated to Bridge of Dunnyduff
Craibstone	Concrete repairs to arch barrel and abutments, plus kerbing and drainage.	Nil	Deferred, £20,000 reallocated to Reactive Repairs.
Aultbeg	Concrete repairs to arch barrel	Nil	Deferred, £4,000 reallocated to Reactive Repairs.
Cairnfield	Concrete repairs, pick and pointing and waterproofing	Nil	Deferred, £12,000 reallocated to Reactive Repairs.
Drum Bridge	Concrete repairs to bridge soffit.	£24,000	Cost up from £4,000 due to greater scope. Delivery Mar 2020.
Bridge of Dunnyduff	Temporary bridge installed to allow diversion over failed structure.	£37,500	Reactive repair
Vegetation Clearance	Clear/cutback/remove vegetation to allow inspections at Various Bridges.	Nil	Not required this year. reallocated to Reactive Repairs.
Sweeping Bridges	Clear/cutback/remove detritus to allow inspections at Various Bridges	£1,000	Less than anticipated required this year. £1,500 reallocated to Reactive Repairs.
Principal Inspections	Carry out Principal Inspections at Various Bridges	£17,500	Savings due to no access hire required. £10,000 reallocated to Reactive Repairs.
General Repairs and Maintenance	Reactive works	£45,000	Greater number and scope than anticipated, cost increased from £25,000. Delivery Mar 2020.
	Total	£130,000	






**APPENDIX 2 WDM® Structures Management System
Critical Condition Indicator Report Summary**

386 Bridges included in this summary as at 10/02/2020



Current Condition of Bridges Stock:



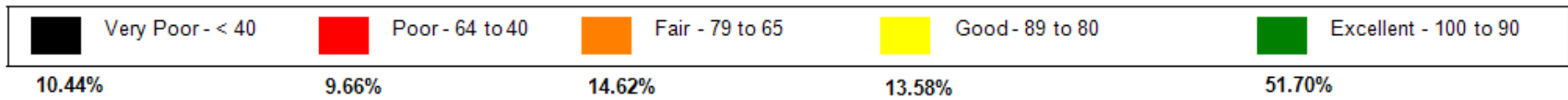
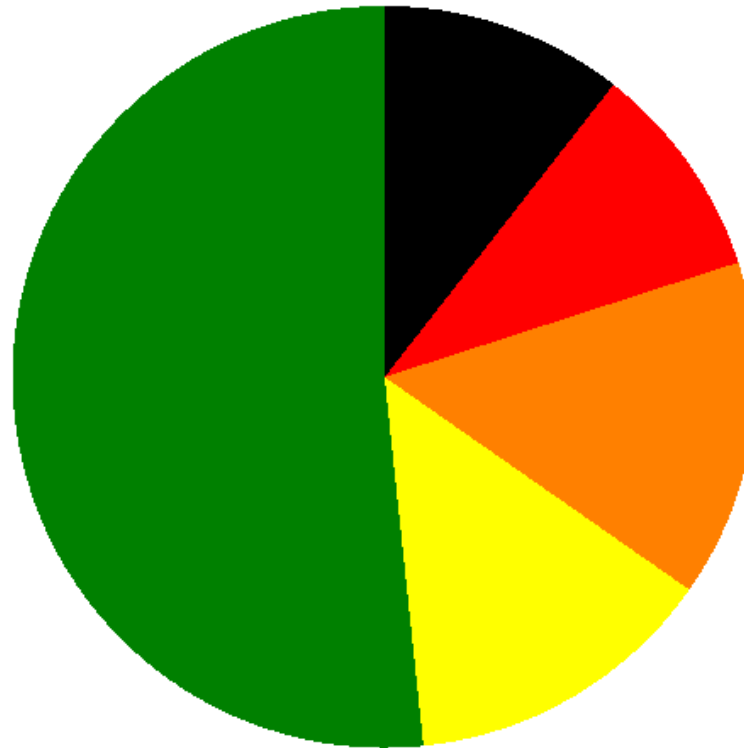
 Very Poor - < 40	 Poor - 64 to 40	 Fair - 79 to 65	 Good - 89 to 80	 Excellent - 100 to 90
10.88%	11.14%	15.80%	15.03%	47.15%

WDM® Structures Management System
Critical Condition Indicator Report Summary

383 Bridges included in this summary as at 10/02/2019



Condition of Bridges Stock 1 year ago:



APPENDIX 3 – REVENUE WORK PROGRAMME FOR 2020/21

Revenue Works 2020/21		
Bridge	Proposed Works	Estimated Cost
Principal Inspections	Carry out Principal Inspections at Various Bridges (backlog from 2019-20).	£40,000
Maintenance for Inspections	Sweeping and vegetation clearance.	£5,000
Aultbeg Bridge	Devegetate, reinstate fill at headwall and pressure-point cracks to concrete arch barrel.	£5,000
Cairnfield Bridge	Rebuild both parapets (crumbling masonry). Repair localised scour damage.	£25,000
Craibstone Bridge	Scour damage and reinstate superstructure drainage	£20,000
Doual Bridge	Install abutment scour protection.	£10,000
	Total	£105,000

APPENDIX 4 – CAPITAL WORKS IN 2019/20

Capital Works 2019/20			
Bridge / Location	Description of Works		Budget Cost
Part-completed 2018/19 schemes	Vehicle Restraint Barriers	Schemes on site at start of year	From 2018/9 £65,300
Salterhill Bridge	Vehicle Restraint Barriers	Carry-over scheme from 2018/19	From 2018/9 £18,835
Bridge of Kings Ford	Vehicle Restraint Barriers	Carry-over scheme from 2018/19	From 2018/9 £26,040
		18/19 Committed Schemes Sub-Total	£110,175
VRS Reactive Repairs	Repairs After Crash Damage	6 Sites - Vehicle Restraint Barriers	£14,335
Beechwood House B9103	Vehicle Restraint Barriers	Replace Life-Expired System	£16,230
A98 Inchgower Distillery	Vehicle Restraint Barriers	Replace / Upgrade Timber Post System	£25,000
A98 Cullen East	Vehicle Restraint Barriers	Replace / Upgrade Timber Post System	£19,500
A941 Craigellachie by Muirton	Vehicle Restraint Barriers	Replace / Upgrade Timber Post System	£26,000
		Planned 2019/20 Schemes Sub-Total	£101,065
Road Safety		VRS Schemes Sub-Total	£211,240
Car Parks	Multi-storey car parks waterproofing and movement joints		£ 13,000
Arthur's Bridge	Narrowing to single lane, install traffic signals and weight limit		£ 63,060
Glenlivet Bridge	Waterproofing and surfacing replacement		£181,700
A941 New Craigellachie Bridge	Road and footway surfacing, kerbs and movement joints		£1,246,330
		Sub-Total	£1,504,090
		Total	£1,715,330

APPENDIX 5 – CAPITAL WORKS IN 2020/21

Capital Works 2020/21		
Bridge / Location	Description of Works	Budget Cost
VRS Reactive Repairs	Repairs After Crash Damage To be delivered as they arise	£60,000
VRS Wooden Post Replacement	Replace / Upgrade Timber Post Systems – to be prioritised	£85,625
Road Safety Barriers (VRS)	VRS Schemes Sub-Total	£145,625
Car Parks – Batchen Lane	Multi-storey car parks waterproofing and movement joints Batchen Lane Car Park Waterproofing and Movement Joints	£329,000
Tomliath Bridge	Strengthen scoured abutments and replace life-expired bridge deck	£160,000
Bantrach Bridge	Rebuild parapets, repoint throughout, replace arch fill, install a waterproofing system, scour protection, realign approaches, reinstate	£336,000
MacDowall Bridge	Rebuild parapets, repoint throughout, replace arch fill, install a waterproofing system, realign approaches, reinstate	£360,000
Cloddach Bridge	Ammend 7.5T limit to 3.0T weight + 2.0m width limits Build physical narrowings on both approaches to prevent abuse of limits	£ 48,000
Cappies Hill Bridge	7.5T weight limit required, including signs and a signed diversion route	£ 48,000
	Sub-Total	£952,000
	Total	£1,426,625

APPENDIX 6a – NON-NETWORK BRIDGES CAPITAL WORKS IN 2019/20

Capital Works 2019/20 (€40,000 allocated in Capital Plan 2019/20)		
Bridge / Location	Description of Works	Budget Cost
Findochty Caravan Park F'bridge	Replacement of life-expired bridge deck and approach rails	€ 8,000
Inspections	General Inspection Programme (rolling 2 year programme started)	€ 4,000
Non-Network Bridges	Total	€ 12,000

APPENDIX 6b – NON-NETWORK BRIDGES CAPITAL WORKS IN 2020/21

Capital Works 2020/21 (€50,000 allocated in Capital Plan 2019/20)		
Bridge / Location	Description of Works	Budget Cost
Findochty Caravan Park F'bridge	Replacement of life-expired bridge deck and approach rails	€90,000
Sanquahar Loch Upper F'bridge	Major repairs or replacement - damage from storm Ciara	€10,000
Inspections and Assessments	General Inspection Programme (rolling 2 year programme) Principal Inspection and Assessments of vehicular bridges	€30,000
Non-Network Bridges	Total	€130,000



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 17 MARCH 2020**

**SUBJECT: FLOOD RISK MANAGEMENT CAPITAL AND REVENUE BUDGET
2020-2021**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To ask the Committee to agree the Flood Risk Management Schedule of Clearance and Repair for 2020/2021 and the programme of Capital works for Flood Risk Management and Harbours for 2020/2021.
- 1.2 This report is submitted to Committee in terms of Section III (F) (19) of the Council's Scheme of Administration relating to the function of the Council under Flood Risk Management (Scotland) Act 2009.

2. RECOMMENDATION

2.1 It is recommended that Committee agree:

- (i) the Flood Risk Management Schedule of Clearance and Repair for 2020/21; and**
- (ii) the Capital programme of work for Flood Risk Management and Harbours for 2020/2021.**

3. BACKGROUND

- 3.1 The Flood Risk Management (Scotland) Act 2009 (the Act) requires the Council to deliver the actions within the Local Flood Risk Management Plans for Findhorn, Nairn and Speyside, and North East Local Plan Districts.

Revenue

- 3.2 The Act places upon the Council a duty to assess relevant bodies of water (other than canals) in its area for the purpose of ascertaining whether the condition of any such body of water gives rise to a risk of flooding. Where a water body gives rise to flood risk, and the Council considers clearance and repair works would substantially reduce that risk, the Council must prepare a

schedule of those works and carry them out.

Review of Progress

- 3.3 Work has been ongoing throughout the year to deliver the Schedule of Clearance and Repair agreed for 2019/20. At the time of drafting this report, the current committed expenditure is £241,978. No significant over or underspend is expected.
- 3.4 General Maintenance of the Council's Flood schemes has been ongoing throughout the year, with emphasis this year on clearance of a number of flood plains through Elgin.
- 3.5 There has been significant expenditure due to reactive works being required at the Tyock Burn where emergency clearance was required during the flood events of July and August 2019. Lhanbryde ponds have also required significant unplanned expenditure due to leaks found in the pond embankment. These reactive works have affected our ability to deliver some of the other works within the clearance and repair programme— namely the flood modelling updates, and Tyock Burn culvert maintenance. This works will now be undertaken in 2020/21.
- 3.6 Pilmuir Pumping Station maintenance regime has been retendered with reduced scope and a 50% reduction in annual maintenance costs, as agreed by this committee on 11 June 2019 (paragraph 9 of the minute refers).

Proposed work for 2020/21

- 3.7 Including the savings identified in paragraph 3.6, the 2020/21 Flood Risk Management annual revenue budget has been reduced to £247,000, as agreed by Moray Council on 12 February 2020 (paragraph 10 of the draft minute refers) . This reduction will impact the tasks listed below.
- Asset Management - CCTV Survey and Asset Data Gathering, will no longer be undertaken.
 - £11,000 Reduction in Reactive Works.
- Blockages or restrictions to assets that would have been identified by surveys will now be dealt with on a reactive basis and all reactive work will be prioritised based on risk. This budget does not include an allowance for damage to assets or clearance and repairs following a significant flood event. Should such an event occur the position will be reviewed.
- 3.8 The proposed Schedule of Clearance and Repair is provided in **APPENDIX 1**, which includes specific works, recurrent works, reactive works and allowances for telemetry and topographic surveys. With continued development of the Council's Asset Management System, we have a strong regime of risk based inspections that identify potential flooding issues. Reports from other sources, such as the public continue to inform the Schedule. The Schedule will be published on the Council's website if the recommendations in this report are agreed.
- 3.9 The Schedule includes the operation and maintenance of the flood schemes in accordance with their manuals. This covers schemes in Aberlour, Rothes, Elgin, Forres (2 schemes), Dallas, Newmill and Lhanbryde.

Capital

Review of Progress in 2019/20

- 3.10 Work to the North Pier of Buckie Harbour started in 2018/19 and was completed in June 2019. The works were postponed between December 2018 and April 2019 to reduce the risk of increased costs due to adverse weather conditions. Maintenance work is substantially complete at Portknockie and Burghead harbours.
- 3.11 Portknockie landslip repairs have been completed within the agreed budget, including work to repair an additional slip identified on clearance of vegetation. The duration of these works was approximately six months longer than originally planned, due to contractor staffing issues.

Proposed work for 2020/21

- 3.12 During 2020-21 the Flood Risk Management Team will undertake a number of Capital Projects as highlighted in **APPENDIX 2**. The Capital Projects include significant maintenance works at Cullen Harbour, and maintenance work at Findochty Harbour.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Flood Risk Management is a key priority in the 10 year plan "Growing, diverse and sustainable economy."

(b) Policy and Legal

The proposal forms part of the Council's statutory duties with regard to the Act. The Council has a duty to implement the actions from the Local Flood Risk Management Plans. The Council can do works not included in the Plans that will manage flood risk, provided it does not compromise the delivery of those actions in the Plan.

(c) Financial implications

No allowance has been made for dealing with the consequence of exceptional rainfall/flood events. This will need to be addressed if such events arise.

(d) Risk Implications

There are no risk implications as a result of this report other than to recognise that flooding and coastal issues are unpredictable and the items in **APPENDIX 1** will be carried out in recognising this uncertainty.

(e) Staffing Implications

There are no staffing implications as a result of this report.

(f) Property

There are no property implications as a result of this report.

(g) Equalities/Socio Economic Impact

There are no equalities implications arising from this report.

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), Head of Environmental and Commercial Services, Legal Services Manager, P Connor, Principal Accountant, Development and Operations Manager for Harbours, L Rowan, Committee Services Officer and the Equal Opportunities Officer have been consulted and comments have been taken into account.

5. CONCLUSION

- 5.1 The Council has a duty under the Act to implement Flood Risk Management Plans including clearance and repair of water bodies. The proposed Allocations for 2020/2021 Flood Risk Management Revenue Budget take account of both. Capital works identified in the Capital Plan for Harbours will be progressed in 2020/2021.**

Author of Report: Will Burnish – Senior Engineer FRM
Background Papers:
Ref:

APPENDIX 1

Flood Risk Management Revenue

Schedule of Clearance and Repair Works 2020/21

Location	Improvement Works Description	Estimated Cost (£)
Tyock Burn	Sediment management Tyock	£10,000
Roths	Roths Model update	£15,000
Tyock Burn	Tyock Burn Culvert Repairs	£60,000
	Total	£85,000

Location	Annual Maintenance Works Description	Estimated Cost (£)
Various	Reactive Works	£17,000
Various	Telemetry Maintenance	£10,000
Kingston	Shingle Bank Survey	£500
Longmorn	Longmorn FAS - Operation and Maintenance	£500
Dallas	Dallas FAS - Operation and Maintenance	£2,000
Forres	Findhorn and Pilmuir FAS - Operation and Maintenance	£40,000
Aberlour	Aberlour FAS - Operation and Maintenance	£2,500
Millbuies Reservoir	Asset Maintenance, Operation and Maintenance	£500
Roths	Roths FAS - Operation and Maintenance	£6,000
Elgin	Elgin FAS - Operation and Maintenance	£35,000
Forres	Burn of Mosset FAS - Operation and Maintenance	£21,000
Various	6 Monthly Aerial Photos	£4,000
Newmill	Newmill FAS - Operation and Maintenance	£15,000
Lhanbryde	Lhanbryde FAS - Operation and Maintenance	£6,000
Various	Community Engagement	£2,000
	Total	£162,000
	Revenue Total	£247,000

APPENDIX 2

Flood Risk Management Capital Expenditure

Harbours

Location	Improvement Works Description	Estimated Cost (£)
Cullen	Localised Pier repairs to timber piles and Wave Protection	£300,000
Findochty	Works to sheet piles at harbour entrance	£147,000
	Total	£447,000

Flood Risk Management and Coastal Protection

Location	Improvement Works Description	Estimated Cost (£)
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REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 17 MARCH 2020

SUBJECT: ROADS MAINTENANCE REVENUE AND CAPITAL BUDGET 2020/2021 – RESURFACING, PASSING PLACES, LED LIGHTING IMPROVEMENTS AND LIGHTING COLUMN REPLACEMENT

BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING AND INFRASTRUCTURE)

1. REASON FOR REPORT

- 1.1 To ask the Committee to approve detailed plans for the expenditure of funds allocated from the Revenue Budget 2020/21 to Roads Maintenance and from the Capital Budget 2020/21 including resurfacing/reconstruction, surface dressing, footways, drainage, lighting column replacement and lighting improvements.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) and (F) (16) of the Council's Scheme of Administration relating to the consideration of Capital and Revenue Budgets and exercising the functions of the Council as Roads Authority.

2. RECOMMENDATION

2.1 The Committee is asked to:

- (i) approve the detailed allocation of funds, from the Revenue Budget 2020/21, to Roads Maintenance activities, as outlined in Section 7 of this report;**
- (ii) approve the detailed allocation of funds, from the Capital Budget 2020/21, to the various roads asset groups and work types, as outlined in Section 7 of this report;**
- (iii) grant delegated authority to the Roads Maintenance Manager to proceed with necessary roads maintenance works whilst noting that the Roads Maintenance Manager will, as soon as possible, publish a main list of schemes, which can be funded from the budget provision recommended in this report, and a reserve list of desirable schemes, which cannot presently be funded, along with a list of projects to be funded from the Capital allocation; and**

- (iv) note that the list of schemes will be drawn up in accordance with the principles and objectives detailed in this report, in the Roads Asset Management Plan and in the Capital Plan.

3. **BACKGROUND**

- 3.1 The road network represents by far the largest asset owned by the Council and therefore regular and adequate maintenance is vital to ensure it does not deteriorate, become dangerous and that considerable past investment is not lost.
- 3.2 The allocation of capital funds for 2020/21 has been taken from the latest budget setting report subject to approval by Council on 3 March 2020. Following this decision work is progressing on preparing the detailed lists of proposed maintenance works which will be expected to be completed by 30 April 2020.
- 3.3 The process will be adopted as previous years that a main list of schemes which can be funded from the budget provisions will be made available as soon as possible. The proposed information will be supported by a reserve list of schemes and will be circulated to Elected Members and published on the Council's website by 30 April 2020.

4. **STATISTICS**

- 4.1 An idea of the extent of the road network and associated assets can be gauged from Table 1 below:-

Table 1 – Road Asset Inventory (as at 03/02/20)

(a)	LENGTHS	
	A Class roads	157.228 km
	B Class roads	296.332 km
	C Class roads	366.097 km
	Classified roads (A+B+C)	819.657 km
	Unclassified roads	739.100 km
	Total road length	1,558.757 km
	Footways, footpaths & cycle tracks	54.385 km
(b)	INVENTORY	
	Street lights	18648 no
	Illuminated signs & bollards	1136 no
	Vehicle restraint systems	31638 linm
	Road Gullies	18707 no

- 4.2 The roads asset is by far the largest asset owned by the Council at a replacement value of almost £1.7 billion. The roads asset values at the end of 2018/19 are shown in Table 2 below:-

Table 2 – Roads Asset Value

Asset Group	Gross Replacement Cost £'000	Depreciated Replacement Cost £'000
Carriageway	£ 1,244,505	£ 1,072,449
Footway	£ 93,263	£ 60,979
Structures	£ 128,410	£ 123,710
Street Lighting	£ 50,298	£ 32,941
Street Furniture	£ 17,640	£ 8,609
Traffic Man. Systems	£ 2,132	£ 1,407
Land	£ 131,482	£ 131,482
Total	£ 1,667,728	£ 1,431,579

5. FINANCIAL POSITION

- 5.1 There are no major variances against budget allocation and profile spends to report at this time.
- 5.2 Table 3 below includes a summary of the estimated outturn expenditure for 2019/20 and the proposed allocation for 2020/21.

Table 3 – Outturn 2019/20 & proposed allocation 2020/21

	2019-20 end of year budget	2020-21 allocation
Carriageway (Resurfacing/Reconstruction/Surface Dressing)	£ 2,380,000	£ 2,500,000
Structural works for timber traffic	£ 490,000	£ 250,000
Drainage & Other Works	£ 550,000	£ 460,000
Footways, footpaths & steps	£ 300,000	£ 300,000
Kerb Edge Replacement		£ 50,000
A95 Landslip River Isla		£ 40,000
Column Replacement	£ 618,000	£ 800,000
Replace SOX & SON lights with LED lights	£ 700,000	£ 300,000
Capital Budget Sub-total =>	£ 5,038,000	£ 4,700,000
General Maintenance	£ 1,152,000	£ 1,152,000
Footway Works	£ 0	£ 0
Traffic Works	£ 80,448	£ 80,448
Drainage & Other Works	£ 0	£ 0
Lighting Maintenance	£ 195,000	£ 145,000
Revenue Budget (Roads Maintenance) Sub-total	£ 1,427,448	£ 1,377,448
Winter Maintenance & Other Emergencies	£ 1,398,068	£ 1,413,568
Revenue Budget (Winter & Emergency) Sub-total	£ 1,398,068	£ 1,413,568
Lighting	£ 398,734	£ 398,734
Signs	£ 12,000	£ 12,000
Revenue Budget (Electricity) Sub-total	£ 410,734	£ 410,734
Capital Budget Total	£ 5,403,000	£ 4,700,000
Revenue Budget Total	£ 3,236,250	£ 3,201,750
Capital and Revenue Total	£ 8,274,250	£ 7,901,750

Note:

The allocation of capital funds for 2020/21 has been taken from the latest budget setting report subject to approval by Council on 3 March 2020.

6. SCHEME PROGRESS - ROADS 2019/2020

- 6.1 A summary of progress against budget heading is highlighted in Table 4 below.
- 6.2 There have been 11 timber route improvement schemes completed during 2019/20 with contributory grant funding received from the Scottish Timber Transport Group. In total, the value of works has been £318k with £222k being received from STTG, which represents 70% of the total cost of the improvement works.

Table 4 – Summary of schemes

Work Type	Status (at 03/02/20) :-		
	Ongoing	Completed	Grand Total
Resurfacing / Reconstruction	8	38	46
Surface Dressing		76	76
Footway Works	15	31	46
Drainage & Other Works	17	13	30
Street Lighting Works	15	4	19
Lighting Improvement Works			0
Timber Route Improvements	1	10	11
Grand Total	56	172	228

7. SCHEME PROGRESS – STREET LIGHTING 2019/2020

- 7.1 The Council approved a change to the Capital Plan at a meeting of the Moray Council on 11 November 2015 to allow for a LED Spend to Save project (para 24 of the minute refers). This has involved the fitting of new LED Street Lighting Lanterns as a replacement for the existing stock. By changing to LED, the Council has benefitted from lower energy consumption and reduced maintenance visits, resulting in revenue budget savings.
- 7.2 The LED capital replacement programme is predicted to underspend by £400k during 2019/20. This is due to a combination of factors including operational efficiencies, reduced purchase price of the new LED lanterns, and decreased installation numbers.
- 7.3 The unit costs are expected to be significantly higher in 2020/21 as many of the remaining lanterns are non-standard and will require special LED lantern replacements.

Table 5 – LED Cost Installation Summary

Year	Installed	Budget spend (£)	Cost per unit (£)
2015/16	453	218,000	479.12
2016/17	3,310	1,110,000	343.65
2017/18	4,412	867,000	197.05
2018/19	4,751	922,000	194.06
2019/20*	4,151	700,000	168.63
2020/21**	900	300,000	333.33
Totals	17,977	4,117,000	

* Projection to end of year

** Estimated installation costs & budget

7.5 **APPENDIX 1** highlights the current progress of the LED replacement project. It is envisaged that the project will be fully completed during 2020/21.

7.6 In addition, the electrical and carbon savings targets have been achieved this current year and are expected to exceed the original saving projections for 2018/19.

7.7 There are currently 4,736 lighting columns in Moray which are beyond their design life. **APPENDIX 2** shows the age profile of these design life expired columns.

7.8 The capital allocation for 2020/21 has been set to continue the replacement of columns which are beyond design life. A replacement programme is currently being delivered with an emphasis placed on replacing design life expired columns and areas with known poor electrical power cabling which are under the control of the Council.

8. WINTER GRITTING

8.1 The average cost of winter maintenance over the last 10 years is £2,206k against an average budget of £1,851k. It is worth noting that the winter maintenance budget has been historically set based on a mild winter. An average or severe winter will result in additional budget pressure.

8.2 At the time of writing this report, it is estimated that the winter maintenance budget will likely report an overspend due to the number of treatments carried out to date and amount of salt currently used.

8.3 Detailed information on the number of winter actions and salt used, including comparisons with previous years, is shown in **APPENDIX 3**. In previous years Appendix 3 has reported the total number of winter actions however, with the reduction in the number of P1 routes this winter (from 17 to 13) this years total can no longer be compared directly with previous years. The graph within Appendix 3 this year is therefore based on the number of actions carried out on a single P1 route - Route EL5 (Rothes).

- 8.4 When comparing the actual expenditure to date against previous years, it can be noted that the actual expenditure has reduced during 2019/2020 yet the number of days with operations has increased. This would suggest the change from 17 routes down to 13 has resulted in the financial reductions to date.

9. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Several objectives of these plans are influenced by the condition of the public roads network.

A Growing, Diverse and Sustainable Economy – the public road network is used by all sections of society, to access shops and services and to transport goods within and to and from Moray.

Building a better future for children and young people in Moray encouraging active travel options of walking and cycling require well maintained, and adequately treated during the winter months, facilities.

Empowering and connecting communities – road and footway hazards have the potential to cause injury. Winter gritting provision contributes to making communities safer.

(b) Policy and Legal

The Council is responsible for the maintenance of 1555km of road network which have been adopted by the Local Authority in terms of the Roads (Scotland) Act 1984. The Act places a duty on the Local Authority to maintain the roads, lighting units and structures so adopted, but does not prescribe the level of maintenance to be delivered.

Codes of Practice for Highway Maintenance Management, Management of Highway Structures and for Highway Lighting Management identify good practice and consideration has to be given to this advice.

(c) Financial implications

It is proposed to continue with the capital expenditure required in 2020/21 to 2022/23 from that included in the current indicative 10 year plan as reported to Full Council on 3 March 2020.

(d) Risk Implications

Pressure on general maintenance budgets will increase in terms of reactive maintenance as carriageway conditions deteriorate.

(e) Staffing Implications

There are no staffing implications as a result of this report.

(f) Property

There are no property implications as a result of this report.

(g) Equalities/Socio Economic Impact

There are no equalities implications as a result of this report.

(h) Consultations

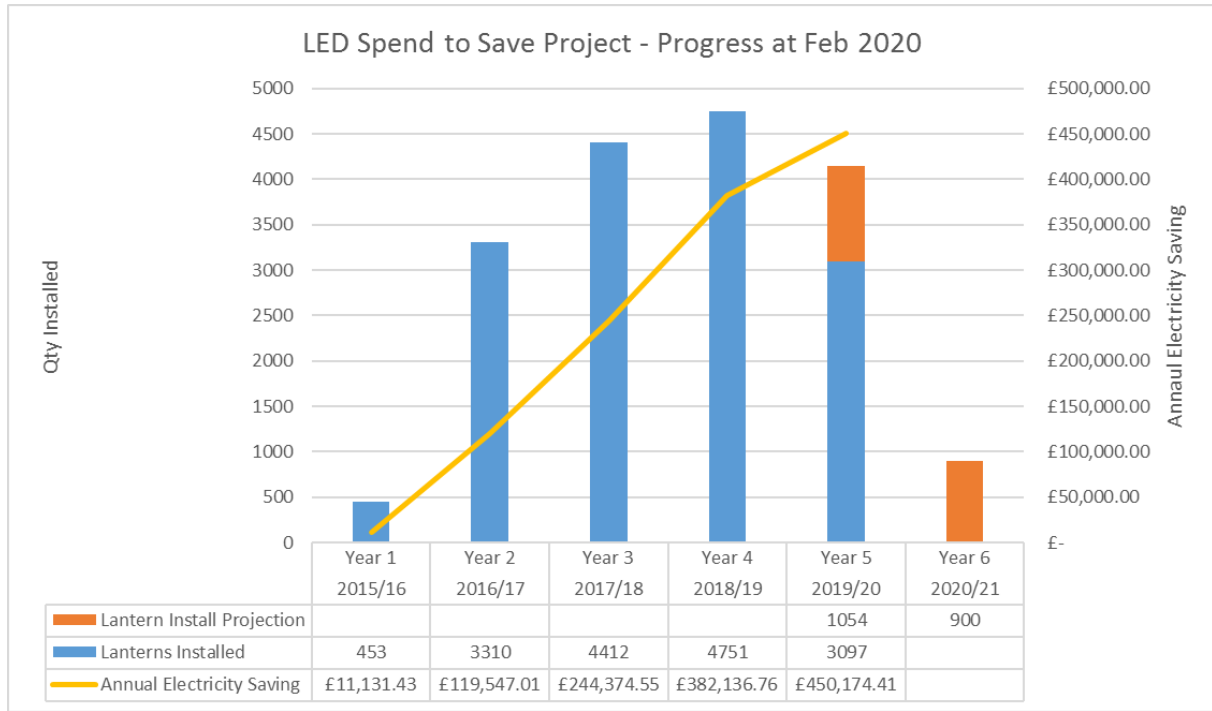
Corporate Director (Economic Development, Planning and Infrastructure), Paul Connor, Principal Accountant, the Legal Services Manager, the Equal Opportunities Officer and L Rowan, Committee Services Officer have been consulted and any comments taken into consideration.

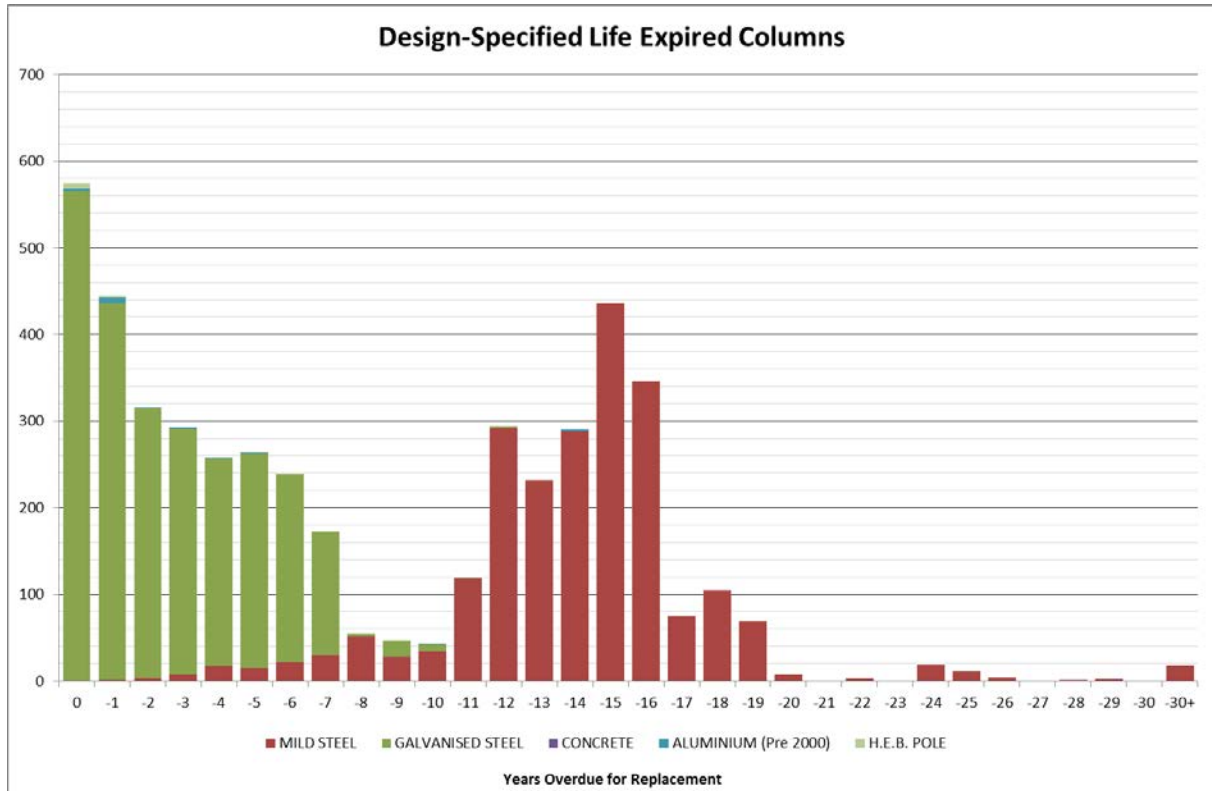
10. CONCLUSIONS

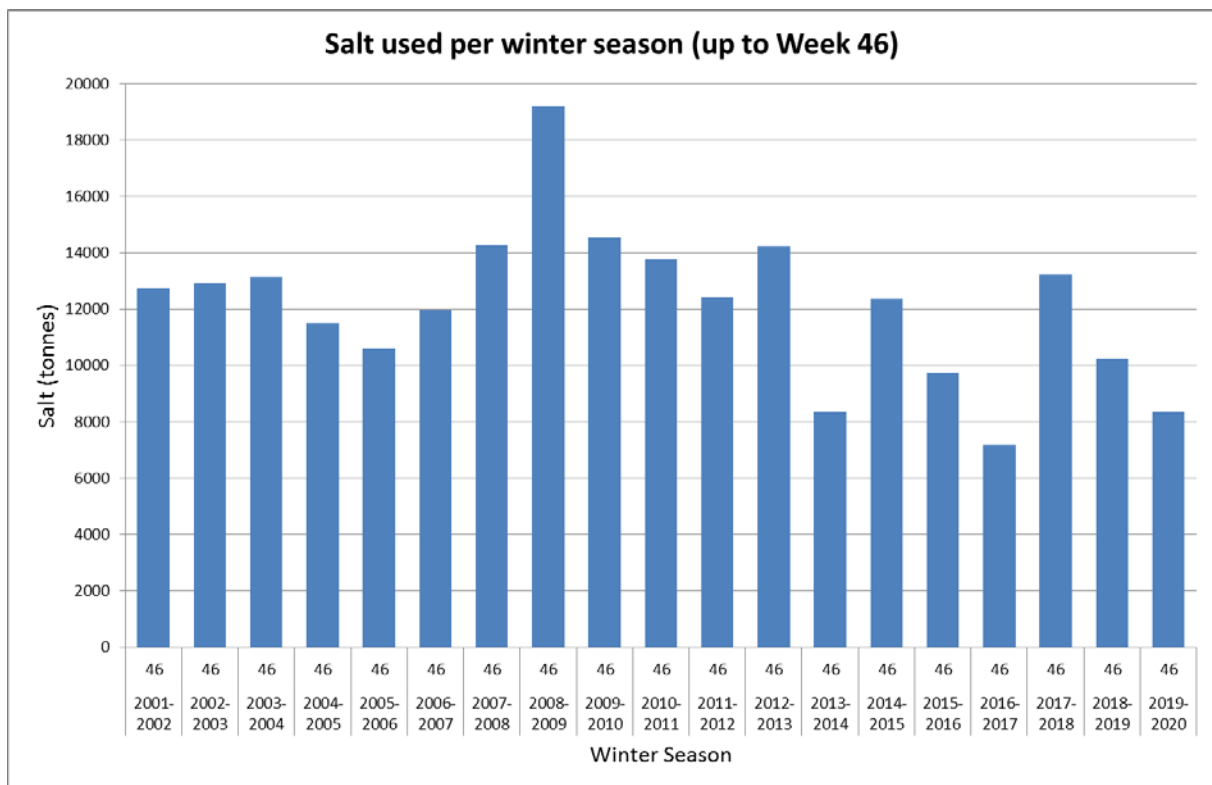
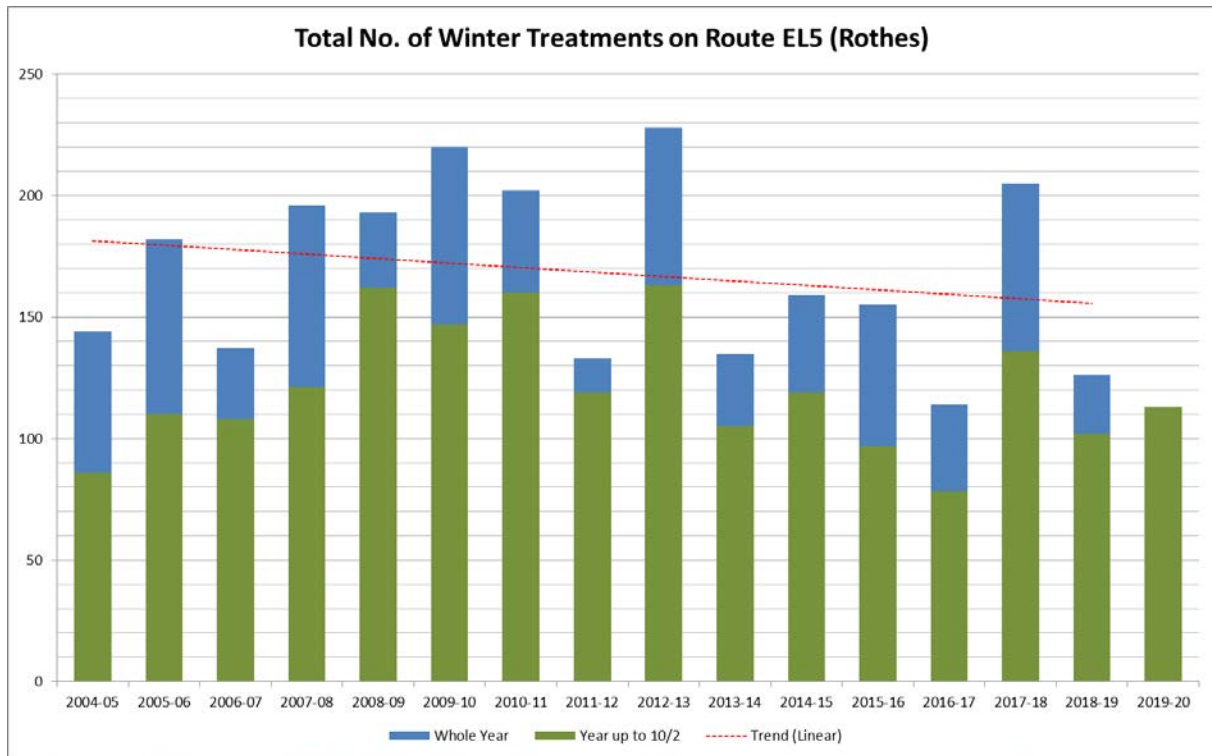
Committee are asked to:

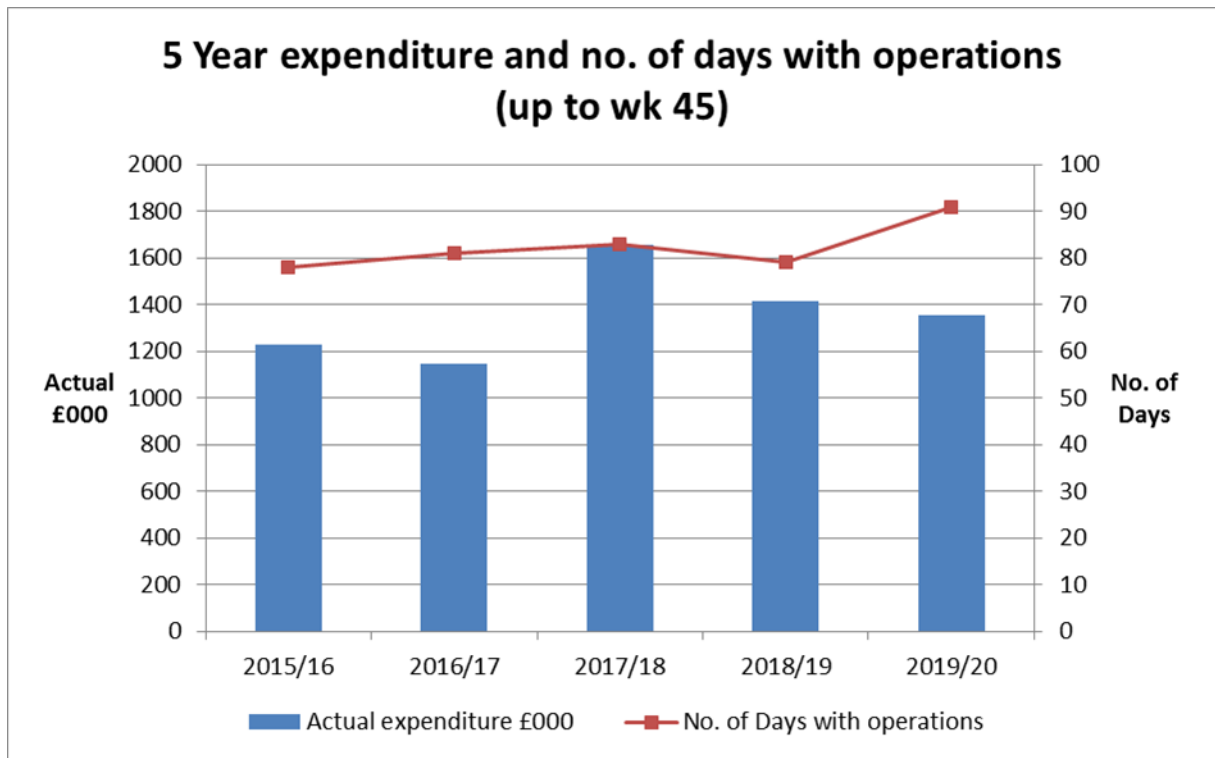
- 11.1 Note the outturn position of the 2019/20 roads capital and revenue programme;**
- 11.2 Note condition of the carriageway asset group and to agree the approach taken in managing the different asset groups;**
- 11.3 Approve the split of revenue and capital allocation to the various maintenance headings and asset types for 2020/21**

Author of Report: Mark Atherton, Roads Maintenance Manager
Background Papers:
Ref:











REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: FINANCIAL PLANNING

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Cabinet of the current position regarding financial planning during the COVID-19 pandemic, to set out the issues facing the Council in terms of managing its budget during 2020/21 and to recommend actions to be taken to advance financial planning for 2020 onwards. The report also makes recommendations in regard to managing the Council's debts as we move out of lockdown.
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

- 2.1 It is recommended that the Emergency Cabinet:
- i. notes the first, high-level estimate of the full financial year impact of the response to the pandemic as set out in APPENDIX 1 to this report and the approach to short term financial planning set out in paragraphs 3.8 to 3.11 of this report;
 - ii. approves the recommencement of debt management process as described in paragraphs 3.12 to 3.15 of this report with immediate effect

3. BACKGROUND

3.1 Response to the COVID-19 pandemic

The Council approved its budget for 220/21 on 3 March 2020 (paragraph of the Minute refers). On 24 March 2020 the First Minister announced lockdown in response to the COVID-19 pandemic. Lockdown completely changes the context in which the budget for 202/21 was set and has implications for the budget going forward to 2021/22 and beyond. In previous emergency situations – generally arising from severe weather events – the Council's

response has been relatively short-term or one-off expenditure to make safe, renovate or replace assets and to ensure people are kept in safe accommodation until emergency works have been carried out. The consequences for financial planning have been limited. The current pandemic and the response to it requires a reassessment of the basis on which the Council's budget is constructed.

- 3.2 The requirements for social distancing are likely to continue for some time and will colour the approach the Council takes towards use of its assets to deliver services, to ensure resilience against future similar situations.
- 3.3 The response to the pandemic will have significant cost to the Council in 2020/21. A report to Council on 17 June 2020 estimated a total net cost of £1.5 million to the end of June. Based on that estimate, high level estimates of the likely cost for the year have been prepared, using a number of untested assumptions about timing of service recovery. The Scottish Government route map to recovery has been used as a guideline for service recovery. Services where social distancing will impact on service recovery have been assumed to be recovered in the main by phase 4 and a tapering effect applied to costs or lost income over the time of potential full recovery. Mobilisation costs have been extended over time where it is expected that additional costs are likely to continue, for example the cost of child care for key workers where the Scottish Government have set an expectation of continued support. These estimates will require to be refined over the coming months as the Council's recovery plans are further developed. They do not include any additional expenditure to facilitate recovery of services as these costs are subject to a number of variables which are still developing, such as social distancing policy. The costs are summarised as **APPENDIX 1** to this report and total £5.5 million more than the funding which the Council has currently been allocated. The bulk of the cost arises from income foregone. If that cost remains unfunded then the Council will have to meet it from reserves or from in-year savings or efficiencies. If reserves are used that reduces the Council's resilience against future unplanned events and increases the savings which the Council is likely to have to find over the coming years.
- 3.4 The first stage in preparing the budget for any one year is to identify the starting point – the recurring budget brought forward from the previous year. Some of the cost impact identified for 2020/21 will be non-recurring, but some will be recurring and identifying the recurring impact will be one of the first stages in preparing a budget for 2021/22. Part of that impact is anticipated to be on the Improvement and Modernisation Programme (IMP), where work has been stalled to enable the Council to concentrate on response to the pandemic. As services recover work on IMP can recommence, however, the programme will require to be reviewed in the light of the impact of the pandemic on building use, ways of working and other recovery considerations. So for example, the financial impact of blended learning if this contingency is required would need further modelling. The impact of social distancing requirements on Council facilities as they return to use requires to be modelled. The impact of closure of constructions sites on the growth of our Council Tax base requires to be assessed as does the increase in applications for Council Tax Reduction. Funding for the Council Tax Reduction Scheme is contained within General Revenue Grant. There may be additional monies available in 2020/21 to contribute towards loss of

Council Tax revenue from increased applications for Council Tax Reduction. It is currently unclear whether any such additional funding will be recurring.

- 3.5 Part of the process of recovery of services is to challenge the need for non-statutory services to be reinstated and to take on board lessons learned from the response to the pandemic. This needs to dovetail with financial planning.
- 3.6 The pandemic also changes the environment in which the Council delivers its services and in particular the environment in which services are funded. The consequences of the pandemic on the international, national (both at UK and Scottish levels) and local economy are generally expected to be severe and long-lasting. This impacts on the likely tax take for UK and Scottish Governments and for Council Tax. At present there seems to be a consensus across political parties austerity is not an appropriate response to the huge increase in public debt resulting from government support for response to the pandemic but there is currently no indication as to what the response will be and what the consequences for local government might be. Current indications are that interest rates are likely to remain low and also that inflation will remain below target, but oil prices have a big influence on the current low level of inflation so that remains uncertain.
- 3.7 As the country moves out of lockdown the Council should be aware of the impact its actions have on the local economy. Direct impacts range from significant spend which can benefit local suppliers to the provision of affordable industrial sites and premises. Where possible the Council should seek to ensure that the local economy is supported to recover, building on events such as the Supplier Development Programme for local small and medium enterprises and seeking Value for Moray. The overarching response to economic recovery is being progressed through Moray Economic Partnership and will be the subject of future reports including consideration of the funding of interventions such as grants. Again, the financial implications of any interventions by the council require further consideration.

Short term financial planning strategy and process

- 3.8 The Council must review its general services revenue and capital budgets for 2020/21 as soon as possible, but this must be based on recovery plans at service level which are still evolving. A first review of the capital plan is the subject of a further report to this Emergency Cabinet. The revised plan, if approved, will be subject to a detailed review of the capital plan for the three years from 2020/21 to 2023/24 over the summer, with a proposed revised three year capital plan reported to Committee in December. Following that report the Council's Capital Strategy will be revised for approval prior to bringing a revised indicative 10 year plan, incorporating the revised three year plan, to Council when the budget for 2021/22 is considered in February 2021.
- 3.9 The review of the revenue budget must of necessity be a more iterative process as changing circumstances and government directives and financial announcements emerge. A first iteration will be reported to Council on 2 September 2020 and updates will be reported thereafter as costs emerge, with a view to reporting the estimated actual for 2020/21 to Committee on 1 December 2020 along with an updated three year budget forecast. The

Council's medium to long term financial strategy and Treasury Management Strategy will then require updating in the light of that forecast prior to consideration along with the budget for 2021/22 in February 2021.

- 3.10 The Council would normally consider a detailed variance report on the past year at the same meeting as the unaudited accounts are presented. Due to constraints of working during lockdown the variance report has not been prepared for this meeting. The variance report is generally a useful short-term financial planning tool but is less likely to be of significance during a period of rapid service re-design. The report will be submitted to Committee on 6 October 2020. The audited annual accounts will also be submitted at a later date than normal, due again to restrictions to working practices of the auditors in response to the pandemic, and are now due to be reported by 30 November 2020. This will not impact on the financial planning process.
- 3.11 The Council's budget for 2020/21 is reliant on reserves and to that extent is overcommitted. The short term financial strategy should be about removing that structural overspend. However, resources are limited and with services concentrating on recovery and redesign a traditional trawl for savings is unlikely to be an effective approach. A revised short term financial strategy will be drafted and brought to Council on 2 September 2020. That strategy will encompass the options available to generate savings and the flexibility which the Council has to manage the immediate impact of COVID-19 and to manage the impact on the financial planning process in the short term. Scottish Government has given an element of flexibility regarding the use of Early Years and Childcare expansion funding and the Pupil Equity Fund, and work has commenced to identify how much flexibility that gives in practical terms for Moray. As in previous years the other main source of flexibility is in the use of reserves. When the budget for 2020/21 was set the Council anticipated to have free reserves of £10 million. As reported in another report to this Cabinet meeting, the actual out-turn is free reserves of £14.7 million. Up to £1.2 million may be required as that is late funding from Scottish Government for a variety of reasons. So the provisional position regarding flexibility is as summarised below:

	£M
Balance on free reserves 31 March 2020	14.7
Potentially required for spend in 2020/21	(1.2)
Committed to balance budget	(2.3)
First estimate net spend on pandemic	(5.5)
Free reserves at 31 March 2021	5.7

It should be noted that as MIJB COVID costs are reported nationally through NHS reporting lines rather than the Cosla returns, this summary does not reflect the Council's share of any overspend by the MIJB during 2020/21 which is not funded centrally as referable to the COVID pandemic. From this it can be seen that there is unlikely to be significant flexibility around the use of reserves in 2020/21. The position reported to Council on 3 March 2020 indicating a potential use of free reserves in 2021/2022 is unlikely to remain feasible, adding to the savings which require to be identified for that year. A great many local authorities across Scotland will find themselves in a similar

position and at a national level, Cosla is negotiating around new flexibilities which may be afforded to local government whilst also lobbying for additional funding. It should be noted that the Council has ear-marked reserves of £2.9 million for Council priorities, £0.7 million for the Improvement and Modernisation Programme, and continues to have flexibility to use capital receipts to fund transformation or to make savings in 2021/22 and 2022/23 so the Council is not reliant on free reserves to invest in modernisation.

- 3.12 A review of the Council's Housing Revenue Account (HRA) budgets – both revenue and capital – also requires to be carried out. Following the pandemic the Council has increased void levels, increased housing arrears, and the delay in construction of new housing will impact on rental income levels going forward. Maintenance work carried out by the Council's Housing DLO has been restricted to emergency repairs during the pandemic. Advice from Audit Scotland is that the cost of DLO staff should continue to be charged to the HRA but this may be the subject of challenge at a national level. If a successful challenge is brought that poses a risk to general funds. In parallel with the general fund budget the HRA budgets will be reassessed with a view to reporting to Committee on 1 December 2020.

3.13 Debt Management

As reported to Council on 17 June 2020, the Council experienced significant reduction in income received from Council Tax and from rental from the industrial estate. During lockdown the Council carried out none of its normal debt management procedures. This cannot be sustained and requires to be reviewed as the country moves through Phases 2 and 3 of the recovery route map. Clearly there is significant financial hardship and uncertainty for people but equally clearly this loss of income to the Council is unsustainable and all local authorities are therefore considering this issue or have already approved the recommencement of normal debt management albeit tempered by consideration of individual cases, generally from July 2020.

3.14 Council Tax

A detailed examination of the Council Tax revenues streams received in the first quarter does appear to indicate that with careful and sensitive management, additional income could be generated from Council Tax. It is proposed that following approval by this meeting of the Emergency Cabinet, officers commence the Council Tax debt management process, in the usual manner but with initial reminders reflecting an appreciation of the impact of the pandemic on many of our tax payers. Any indication of potential hardship resulting from the issue of these reminders or any requests to make payment over an extended period will be treated sympathetically. Only once the results of the initial reminder exercise have been assessed will any decision to instigate additional enforcement measures be considered and this will take several weeks.

3.15 Commercial leases

Following the lockdown being announced and a deluge of rent enquiries being received from tenants it was agreed to defer pursuing new rental debt (if satisfied it had arisen as a result of the coronavirus), with a view to seeking phased repayments (up to 12 months) of monies owed once trading

restrictions were eased/lifted. This is consistent with Scottish Government advice and the approach of the majority of other Scottish Councils.

Officers are working constructively with tenants to explore options and consider tenants' evidence and assess what form and level of rental support is required to allow businesses to survive on a sustainable basis. In addition such assessments also consider the likelihood of re-letting each property and any wider strategic importance to the local economy of particular businesses. Following consideration of the tenant's evidence one of the following outcomes is taken forward:-

1. The request for rental assistance is rejected.
2. Defer rent and arrange phased repayment agreements.
3. Rent reductions – specific short/medium term rental reductions, including rental holidays.

This process is delegated to officers with the exception of rent reductions requiring reports to the Policy and Resources Committee.

It is proposed that officers re-start debt management processes, following approval by this meeting of the Emergency Cabinet. The processes will take account of how easing of lockdown trading restrictions impact on businesses on a case-by-case basis but will also consider action following option 1 above and committee referral in terms of option 3.

- 3.16 For all debts raised and managed through the Council's Accounts Payable system it is proposed that the normal debt management processes of reminders and, if appropriate, agreeing a payment plan, is reinstated.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Response to and recovery from the COVID-19 pandemic is the Council's current corporate priority. This inevitably impacts on the Corporate Plan and the LOIP.

(b) Policy and Legal

There are no policy or legal issues arising directly from this report.

(c) Financial implications

The financial implications of the pandemic are significant, with a current high-level estimate of unfunded costs of £5.5 million, excluding any additional costs to facilitate service recovery. The cost includes significant reduction in income and this report proposed measures to minimise the impact of lost income by resuming debt management procedures.

(d) Risk Implications

The pandemic creates significant risk to the national and local economy which will impact on Council services. The report highlights risk to achieving savings in 2020/21, risks to Council tax and other income,

risks to reserves and a consequent reduction in financial resilience, which itself creates further risks to services. There is also a risk to the Council that Scottish Government funding for the MIJB mobilisation plan is insufficient to meet all costs and that independent of that that MIJB do not meet their recovery plan targets and continue to overspend. The Council would then fall liable for its share of the overspend.

(e) Staffing Implications

No staffing implications arise directly from this report. All actions will be taken within the current staffing complement.

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues or impact on the socio-economic duty arising directly from this report.

(h) Consultations

Members of CMT, the Head of Governance, Strategy and Performance, the Taxation Manager, the Estates Manager, the Payments Manager and Tracey Sutherland, Committee Service Officer have been consulted in the preparation of this report and comments incorporated in the report.

5. CONCLUSION

5.1 The first high-level estimate of the full year effect of the COVID-19 pandemic is a shortfall against funding for the response to the pandemic of £5.5 million. This estimate does not include any costs of recovery of services.

5.2 The Council requires to review its general services and HRA budgets for 2020/21 and commence the financial planning process for 2021/22 in the light of the pandemic.

5.3 To assist in the process of recovery the Council should recommence its normal debt management process with immediate effect

Author of Report: Lorraine Paisey, Chief Financial Officer

Background Papers:

Ref:

Estimated impact of COVID-19 pandemic in 2020/21

APPENDIX 1

Costs as reported to COSLA	Note	Recurring £000s	One-off £000s
LG Mobilisation Costs			
Children's Services (non delegated) and ELC	1	291	-
Housing and Support to Vulnerable Communities	1	695	1
Workforce Costs (excl IJB workforce)	2	607	110
Non-Workforce Costs	2	-	10
Total mobilisation costs		1,593	121
Lost Income & Other Costs			
Closures	3	1,412	50
Fees and Charges	4	812	-
Savings not achieved	1	222	-
Total lost income and other costs		2,446	50
Recovery Costs			
Education	5	265	
Early Learning and Childcare		-	
Waste and Environment	4	4	
Culture and Leisure	6	872	
Vulnerable Communities		-	
Non-delegated social care		-	
Office estate, etc.		-	
Test, protect & shielding		-	
Total recovery costs		1,141	-
Overall Total Costs per COSLA return		5,180	171
Reduced costs	6	811	-
Funding from Scottish Government			
Hardship Fund		853	
Food Fund		448	
Tranche 2 funding		2,644	
Total funding @ 22 June 2020		3,945	
Net cost		424	171
Reduction in Council Tax	1	2,400	
Reduction in Industrial Estate rental	1	900	
Impact of reduced capital spend	4	1,600	
		5,324	171

Notes

1 As previously reported but extended to September / December

2 Updated 3 month costs

3 As previously reported but extended to July

4 As previously reported

5 Additional cost of Free School Meals in the context of blended learning, based on actual cost over the summer moderated for percentage return to school

6 Based on lost income/ reduced costs as previously reported, tapering down over time but still some in March



REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: CAPITAL PLAN 2019/20

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT & FINANCE)

1. REASON FOR REPORT

- 1.1 To inform Cabinet of the expenditure to 31 March 2020 under the capital plan for financial year 2019/20 and to recommend budget adjustments for inclusion in the 2020/21 Capital Plan and future years.
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

2.1 It is recommended that the Cabinet:

- (i) Considers and notes the expenditure to 31 March 2020 of £56,728,000 as set out in APPENDIX 1;**
- (ii) Considers and notes the projected overall expenditure for projects spanning more than one financial year as set out in APPENDIX 2;**
- (iii) Approves carry forwards to 2020/21 and future years totalling £10,486,000 as detailed in section 5.**

3. BACKGROUND

- 3.1 The capital plan for 2019/20 of £72,668,000 was approved by a meeting of Moray Council on 27 February 2019 (paragraph 4 of the Minute refers). Amendments approved by Council and by Policy and Resources Committee since this date have been incorporated to give a current approved capital plan for 2019/20 of £68,825,000.
- 3.2 Regular monitoring reports are provided to Policy and Resources Committee or to Council showing expenditure to date for each project and details of capital receipts received. As agreed by Policy and Resources Committee on

10 May 2016 in response to the Audit Scotland report “Major Capital Investment in Councils” (paragraph 7 of the Minute refers), monitoring reports include a separate **APPENDIX 2**, giving details of expenditure on projects which span more than one financial year.

4. CAPITAL PLAN 2019/20

4.1 A copy of the capital plan is included as **APPENDIX 1**. Expenditure to 31 March 2020 of £56,278,000 has been funded by General Capital Grant of £23,316,000 from the Scottish Government, Early Learning & Childcare Grant of £2,800,000 from the Scottish Government, other specific government grants of £247,000, other grant and contributions of £1,472,000 and Prudential Borrowing of £28,895,000.

4.2 Land and Buildings

The capital plan included budget provision of £51,469,000 for expenditure on land and buildings. Actual expenditure totalled £43,996,000. The detail of this is discussed below.

4.2.1 The final budget of £3,276,000 for the School Estate Make Do and Mend Programme was underspent by £325,000, with actual expenditure of £2,951,000. The main variance within this budget heading was that the £420,000 allocation carved out from a projected underspend earlier in the year to allow officers the option to bring forward priority projects from future years has no spend against it as the option to bring forward was not exercised. Work programming has to fit around term times to avoid disruption and this mitigates against fully using any budget flexibility. Other variances are:

- Works at Cluny Primary, Forres Academy, New Elgin Primary and Andersons Primary (all projects phased over a number of years and completed in 2019/20) out-turned at £1,700,000, an underspend of £79,000.
- The other in-year projects within this heading all showed small variances compared to budget as follows, totalling an overspend of £16,000:
 - Speyside High School replace water supply - £14,000 overspend
 - Keith Grammar roofing - £22,000 underspend
 - Hythehill Primary roofing - £24,000 overspend
 - Hythehill Primary window replacement - £19,000 underspend
 - East End Primary drainage - £1,000 underspend
 - Speyside High School works - £17,000 overspend
 - Burghead Primary works - £3,000 overspend

4.2.2 Work was undertaken on the extension of SEN accommodation at Forres Academy in 2013/14, permanently replacing the temporary accommodation .A long-running dispute with the contractor over the final payment was finally resolved and payment made in October 2019. No provision had been made in the 2019/20 capital plan from the previous underspend of £37,000 but £45,000 expenditure was incurred. The project and payments are now complete.

- 4.2.3 Legionella works show an outturn of £11,000 against a budget of £15,000. The fire safety budget showed an outturn of £30,000 against a budget of £25,000. School fire work recommended by the fire audit, which was additional to the normal fire work budget provision, showed an underspend of £17,000 against a budget of £140,000.
- 4.2.4 Milnes Primary School Early Learning and Childcare – the main project was completed in 2018/19. The work completed in 2019/20 was related to relocation of the water tanks, which cost more than anticipated and showed an out-turn of £227,000 against a budget of £127,000.
- 4.2.5 Works on site are ongoing for the new Linkwood Primary School which out-turned £8,337,000 from a budget of £10,067,000. Work on site has been delayed due to the Covid-19 pandemic and the underspend of £1,730,000 will be required in 2020/21 to complete the project. It is estimated that completion will take 12 – 14 weeks, although restricted working practices when construction work recommences may impact on this.
- 4.2.6 Works on site are ongoing for the new Lossiemouth High School which out-turned £19,764,000 from a budget of £21,273,000. Work on site has been delayed due to the Covid-19 pandemic and the resultant underspend of £1,509,000 will be required in 2020/21 to complete the project.
- 4.2.7 Initial site investigation works for a new school at Findrassie in Elgin incurred expenditure of £44,000.
- 4.2.8 Early Learning and Childcare Expansion projects out-turned at £3,159,000 from a final budget of £4,067,000. Work was undertaken on site at both Cullen and Pilmuir nurseries. Expenditure was also incurred on the refurbishment projects at Lhanbryde, Burghead and Mosstodloch Primary Schools. Work on these projects has been delayed due to the Covid-19 pandemic and the underspend of £908,000 will be required in 2020/21 to complete the projects. Capital grant funding of £2,800,000 was received in 2019/20 from the Scottish Government which has confirmed that, although the grant funding is ring-fenced, there is flexibility as to the financial year in which it may be used to fund the approved early years' projects. Overall planned expenditure is met in full by the total grant over the four year period from 2017/18 to 2020/21. In addition to the expenditure recorded in the capital plan, further capital works in 2019/20 amounting to £1,000,000 were funded by the Early Years Revenue Grant.
- 4.2.9 Work on the Dallachy Landfill site has progressed through the year, showing an out-turn of £428,000 from an amended budget of £657,000. Provision was made in the budget for 2020/21 for the construction of a new cell at Dallachy, to extend the working life of the site until the NESS Energy from Waste facility comes on stream. As noted when the budget was approved, this project is at an early stage and the budget estimate based on high level assumptions. Accordingly it is recommended that the underspend of £229,000 in 2019/20 is carried forward. It is planned that work on constructing a new cell will commence in summer 2020.

- 4.2.10 Budgets of £50,000 for a replacement recycling centre in Elgin and of £77,000 for upgrading other recycling facilities were included in 2019/20. No spend has been incurred this year, although feasibility work is underway on the Elgin project. Given the success of the newly introduced booking system which manages users and traffic into the constraint site in Elgin, there is an option to keep the booking system in place after social distance constraints has been lifted, therefore only the £77,000 is required to advance the upgrading in 2020/21 and defer a decision on an alternative site in Elgin until a decision is known on the long term viability of the booking system.
- 4.2.11 The NESS energy from waste project had an out-turn of £6,463,000 from an amended budget of £7,606,000. Construction has been delayed due to the Covid-19 pandemic and the underspend will be required in as the project progresses.
- 4.2.12 The project to construct a new integrated waste facility at Moycroft had an out-turn of £2,035,000 from an amended budget of £2,581,000. Delay to the completion of the project due to Covid-19 requires the underspend to be carried forward into 2020/21 as the budget will be fully utilised.
- 4.2.13 Refurbishment of various industrial units showed an outturn of £162,000 against a budget of £124,000. Budget provision of £24,000 was made for new serviced sites in Elgin. During the year the Council entered into negotiations with a developer regarding the sites in question. As part of the arrangements under discussion, the Council was to contribute to the works needed to get the site ready for development. However, the developer decided not to proceed with the project. The money will still be required to help make the site ready for future development.
- 4.2.14 Expenditure of £90,000 was incurred against a budget of £1,233,000 for the Town Centre Fund. Ring-fenced grant funding of £1,233,000 was received in 2019/20 from the Scottish Government, who have extended the deadline for expenditure to be funded by the Town Centre Capital Fund until 31 March 2021 with a revised completion date for funded projects of 30th September 2021. This underspend will required to be carried forward to 2020/21 and potentially into 2021/22 in order to fund projects which have seen delays due to Covid-19 . Due to the timing of this grant award, expenditure had been forecast to take place in quarter 4 only and so the lockdown had a particularly significant impact on the ability of projects to spend and to evidence completion. The Council also has some projects funded from this grant.

4.3 **Infrastructure**

The capital plan included provision of £11,041,000 for expenditure on improvements to infrastructure. Actual expenditure totalled £8,724,000. The detail of this is discussed below.

- 4.3.1 Expenditure on road safety totalled £606,000 against a final budget of £673,000. Disability adaptations and new road signs and markings showed small underspends of £8,000 and £5,000 respectively. These budgets were committed in full in 2019/20 but some of the works, although commissioned during 2019/20, were unable to be completed, and these underspends will be required in 2020/21 to meet these commitments. Road safety barriers showed an underspend of £54,000. A new model for prioritising replacement barriers

has been agreed and will determine the work undertaken on this programme in 2020/21 and onwards.

4.3.2 Road improvements including carriageway resurfacing, reconstruction and surface dressing, timber traffic works, footways and drainage works out-turned £3,373,000 from a budget of £3,989,000 representing an overall underspend of £616,000. The reasons for this are as follows:

- Carriageway Resurfacing £61,000 underspend – less pre-patching work was carried out than forecast.
- Drainage £380,000 underspend – During the year work was prioritised as much as possible to ensure that work was completed on our carriageways. Vacancies within the service also meant that some work was not able to be carried out as planned.
- Footways £72,000 underspend – Vacancies within the service meant that some work was not able to be carried out as planned.
- Timber Traffic Structural Works £103,000 underspend – The Council did not receive as much external funding as part of the STTS bidding process as anticipated and therefore less match funding was required.

4.3.3 Bridge works out-turned at £1,489,000 against a budget of £2,140,000. Construction works on Craigellachie Bridge and Arthur's Bridge have been delayed due to the Covid-19 pandemic and will be completed in 2020/21.

4.3.4 Various works at harbours show an out-turn of £451,000 against a budget of £1,062,000. Work had been delayed due to adverse weather conditions and was not able to restart prior to the Covid-19 lockdown. The work will be completed in 2020/21.

4.3.5 The project to replace SOX and SON street lights with LED had an out-turn of £666,000 from a budget of £700,000. Works were not able to be completed due to the Covid-19 pandemic and so the underspend will be required in 2020/21 to complete the outstanding works.

4.4 **Vehicles, Plant and Equipment**

The Capital Plan included provision of £6,315,000 for expenditure on vehicles, plant and equipment. Actual expenditure totalled £4,038,000, an underspend against budget of £2,277,000 or 36% of budget. The main variances are discussed below.

4.4.1 The vehicle replacement budget of £3,827,000 was fully committed but the Covid-19 pandemic resulted in the late delivery of some vehicles which caused an underspend of £791,000. £92,000 expenditure was incurred during the year on electric car chargers. This was funded by a specific grant received from the Scottish Government.

4.4.2 Waste Management Budgets show an out-turn of £136,000 against a budget of £564,000. This relates to the purchase of plant and equipment for the new integrated waste facility at Moycroft, which has seen delays due to Covid-19. The equipment will be purchased in 2020/21.

4.4.3 Provision of £100,000 was made in the capital plan for the purchase of a replacement pilot boat in Buckie. Due to technical difficulties, the boat

originally identified was not purchased in 2019/20. However, a replacement is still required and an alternative will be sourced in 2020/21 and this budget provision will still be required.

4.4.4 The ICT core programme out-turned £616,000 from a budget of £1,361,000. All budget headings projects were underspent and the reasons for these are as follows:

- Desktop and Mobile Devices £50,000 underspend – work had begun on a number of areas in this heading but the Covid-19 pandemic meant that resources had to be diverted to other areas and the work on this project was not complete. This underspend will be required in 2020/21 to complete this work and to contribute towards the new ICT recovery and renewal strategy.
- Digital Public Services £67,000 underspend – There was a small spend of £8,000 but the remainder of the budget of £75,000 is not required, generating a saving of £67,000.
- Network Infrastructure £62,000 underspend – Procurement delays on the project to upgrade infrastructure nearing the end of their life and on the IP Telephony project for schools resulted in this underspend. This underspend will be required in 2020/21 to complete this work and to contribute towards the new ICT recovery and renewal strategy.
- School ICT Strategy £55,000 underspend – Work identified in 2019/20 was complete within budget. This underspend is required in 2020/21 to advance work on schools WiFi and to contribute towards the new ICT recovery and renewal strategy.
- Servers Infrastructure £108,000 underspend – Work has begun to look at replacing the corporate storage solution. However, a suitable solution has yet to be identified and so the underspend (£64,000) will be required to allow the project to proceed. Work on systems management tools was completed under budget (£44,000) and this underspend will be required in 2020/21 to contribute to the new ICT recovery and renewal strategy.
- Software £72,000 underspend – Some of this underspend (£16,000) is related to the underspend under desktop and mobile devices, and will be required in 2020/21 to allow the projects to be completed. Essential software upgrades were completed under budget (£56,000) and will be required to contribute to the new ICT recovery and renewal strategy.
- Unix Server Replacement £100,000 underspend – procurement delays on this project meant that no spend was incurred in 2019/20. This underspend will be required in 2020/21 to allow the project to proceed.
- Telephony/Contact Centre System £231,000 underspend – this project was about the commence rollout just prior to the Covid-19 pandemic and this was delayed. This underspend will be required in 2020/21 to enable this rollout to take place.

5. CARRY FORWARD TO CAPITAL PLAN 2020/21 and future years

5.1.1 Budget Managers have requested carry forward for some of the budget underspends in 2019/20, reflecting amended timing of expenditure. Net carry forwards of £10,536,000 are recommended, as summarised in this table. The reasons for this are discussed below.

	Para	2020/21 £000s	Future Years £000s
Land and Buildings			
Education	5.2	4,147	-
Waste Management	5.3	902	1,143
Industrial Portfolio	5.4	24	-
Town Centre Fund Initiative	5.5	1,143	-
Infrastructure			
Road Safety	5.3.1	13	-
Bridges	5.3.2	583	-
Street Lighting	5.3.3	34	-
Flood Risk Management & Coastal Protection	5.3.4	15	
Harbours	5.3.5 5.3.6	562	-
Vehicles, Plant & Equipment			
Swimming Pool Equipment	5.4.1	9	-
Vehicle Replacement Programme	5.4.2	791	-
Waste Management	5.4.3	376	-
Harbours	5.4.4	100	-
ICT	5.4.5	644	
TOTAL		9,343	1,143

5.2 Land and Buildings

5.2.1 **New Lossiemouth High School** – work is progressing on the project to construct a new secondary school in Lossiemouth. However, this work was delayed to the effects of the Covid-19 pandemic, which meant that construction sites were forced to close. It is recommended that the underspend in 2019/20 of £1,509,000 be carried forward in full to 2020/21, when the completion of the building is anticipated .

5.2.2 **New Linkwood Primary School in South Elgin** – work is progressing on this project. However, this work has been delayed due to the effects of the Covid-19 pandemic, which meant that construction sites were forced to close. It is recommended that the underspend in 2019/20 of £1,730,000 be carried forward in full.

5.2.3 **Early Learning and Childcare Expansion Projects** – This covers a number of different projects which are fully funded by ring-fenced capital grant from Scottish Government. Progress has been delayed due to the Covid-19 pandemic. It is recommended that the 2019/20 underspend of £908,000 is carried forward in full.

5.2.4 Land and Buildings – Waste Management

5.3.1 **Dallachy Landfill Site** – It is requested that Council approve the carry forward of budget of £229,000 from 2019/20 to 2020/21 to fund work on the construction of a new cell due to begin summer 2020.

5.3.2 **Integrated Waste Facility, Moycroft** – Work on this project has been delayed due to the Covid-19 pandemic and It is therefore requested that Council approve the carry forward of budget of £546,000 from 2019/20 to 2020/21.

5.3.3 **NESS Energy from Waste** – Work on this project has been delayed due to the Covid-19 pandemic and it is therefore requested that Council approve the carry forward of budget of £1,143,000 from 2019/20 to 2021/22.

5.3.4 **Recycling Centre Facilities Upgrade** – It is requested the Council approve the carry forward of budget of £77,000 to allow for work to be carried out at Gollachy in Buckie.

5.4 Land and Buildings – Industrial Portfolio

5.4.1 It is requested that the Council approve the carry forward of budget of £24,000 from 2019/20 to 2020/21 in order to allow site servicing works at Chanonry Elgin to progress, with the expectation of future rental income following completion of the work.

5.5 Town Centre Fund Initiative

5.5.1 The Scottish Government provided ring-fenced grant funding for the Town Centre Capital Fund of £1,233,000 in 2019/20 and has extended the deadline for expenditure to be funded from that fund until 31 March 2021, with final project completion date of 30 September 2021. It is requested that Council approve the carry forward of budget of £1,143,000 from 2019/20 to 2020/21 to complete projects that had already started but could not be completed due to the Covid-19 pandemic.

5.3 Infrastructure

5.3.1 **Road Safety** – It is requested that the Council approve the carry forward of budget of £8,000 and £5,000 for Disability Adaptations and New Road Sign and Markings projects from 2019/20 to 2020/21. In both cases work was commissioned and expenditure committed in 2019/20 but was unable to be completed.

5.3.2 **Bridges** – It is requested that the Council approve the carry forward of budget from 2019/20 to 2020/21 of £555,000 for the refurbishment of Craigellachie Bridge due to delays caused by the Covid-19 pandemic. It is also requested that to Council approve the carry forward of budget from 2019/20 to 2020/21 of £28,000 for amending the weight limit for Arthur's Bridge on the grounds of public safety.

- 5.3.3 **Street Lighting** – It is requested that the Council approve the carry forward of budget from 2019/20 to 2020 of £34,000 for Street Lighting to complete the programme which was delayed due to the Covid-19 pandemic.
- 5.3.4 **Portknockie Landslip** - It is requested that the Council approve carry forward of £15,000 from 2019/20 to 2020/21 as white lining work is still required to complete this project.
- 5.3.5 **Harbours – Life Expired Items and Upgrades** – There is a rolling programme of works to replace life expired items and upgrade facilities at harbours across Moray. Due to delays caused by adverse weather and the Covid-19 pandemic it is requested that the Council approve the carry forward of budget from 2019/20 to 2020/21 of £384,000 in relation to these projects.
- 5.3.6 **Harbours Economic Development** – It is recommended that the Council approve the carry forward of budget of £18,000 for Economic Development of Harbours due to delays with procurement. It is also requested to carry forward budget of £160,000 for the provision of an ice plant at Buckie Harbour due to delays in awarding the tender due to the Covid-19 pandemic.

5.4 Vehicles, Plant & Equipment

- 5.4.1 **Swimming Pool Equipment** - It is requested that the Council approve carry forward of budget of £9,000 from 2019/20 to 2020/21 for swimming pool equipment at Milnes. The purchase of this equipment is dependent on developer funding, the application for which has been delayed due to the Covid-19 pandemic. The equipment is still required and this will enable the purchase to be completed.
- 5.4.2 **Vehicle Replacement Programme** – The Covid-19 pandemic has meant the late delivery of several vehicles and it is therefore requested that the Council approve carry forward of budget of £791,000 to fund the purchase of these vehicles.
- 5.4.3 **Waste Management** – It is requested that the Council approve the carry forward of budgets of £191,000 for a replacement baler and £235,000 for a replacement green waste shredder, both at Moycroft, from 2019/20 to 2020/21 due to delays as a result of the Covid-19 pandemic.
- 5.4.4 **Harbours** – Technical issues meant that the originally identified boat to replace the pilot boat at Buckie was not purchased in 2019/20. A replacement for the current pilot boat is still required and the Chief Executive approved a carry forward of £100,000 under delegated powers to enable an alternative to be sought and purchased in 2020/21.
- 5.4.5 **ICT Core Programme** – The underspend on ICT in 2019/20 is partly due to project slippage and partly due to savings. Project slippage will require expenditure in 2020/21 to allow projects to be completed. The service has also commenced work on developing a strategy for creating greater resilience for the Council in the light of experience during the Covid-19 pandemic. This will be reported to Council when developed. In the meantime it is suggested that underspends in 2019/20 which do not relate to work already identified as required in 2020/21 could be carried forward to part fund the ICT strategy for

recovery and renewal. It is requested that Council approve carry forward of budgets from 2019/20 to 2020/21 for a number of ICT projects as follows:

Project	Carry Forward to allow delayed projects to proceed	Carry Forward to be assigned to ICT Strategy for Recovery & Renewal
	£000s	£000s
Desktop & Mobile Devices	£39,000	£10,000
Network Infrastructure (Note 1)	£30,000	£30,000*
School ICT Strategy (Note 2)	-	£24,000 **
Server Infrastructure	£64,000	£44,000
Software	£16,000	£56,000
Unix Server Replacement	£100,000	-
Telephony/Contact Centre System	£231,000	-
Total	£480,000	£164,000

Note 1 - It has been suggested that this amount could be used to progress the school IP Telephony project or be used for the school recovery and renewal strategy.

Note 2 – The work under the School ICT Strategy project undertaken in 2019/20 was completed under budget. It has been suggested that this amount could be used for work on School WiFi or for the school recovery and renewal strategy.

6. **RISK AND EMERGING ISSUES**

- 6.1.1 Budget managers have been requested to identify any specific areas of risk for the projects in the Capital Plan for which they are responsible.
- 6.2 The Covid-19 pandemic is a major risk to the Council capital programme. Various projects have already seen delays as a result of the situation and this is likely to continue through 2020/21. An increase in construction costs as industry revises working practices to comply with social distancing is forecast.
- 6.3 The main risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales. This can impact on revenue by increasing repairs costs for vehicles due to be replaced.
- 6.4 Land compensation claims remain a risk for the major flood alleviation scheme at Forres.
- 6.5 Projects such as the new build Linkwood Primary School can be subject to a range of risks which are outwith the direct control of the Council. A particular risk following the pandemic is contractor claims for compensation events.

- 6.6 Poor weather conditions can impact project timescales, as was the case with various harbours projects in 2019/20 and unplanned costs can be occasioned by bad weather events.
- 6.7 Lack of staff resources and staff turnover can impact on project timescales.
- 6.8 Other emerging work priorities can impact on scheduled works.
- 6.9 There is a potential risk to grant funding of the new Lossiemouth High School should the project not complete on time.
- 6.10 No other project risks have been specifically identified by budget managers.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

The capital plan is one of the vehicles through which the Council's priorities can be delivered. The approved capital plan for 2019/20 and the outline ten year plan incorporates measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people, adults leading safer lives and sustainable economic development.

(b) Policy and Legal

There are no policy or legal implications arising directly from this report.

(c) Financial implications

The financial implications are highlighted within the report and **Appendices 1 and 2** to the report.

(d) Risk Implications

Budget managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from Council in line with the financial regulations. Risks specific to items within the capital plan are highlighted in paragraph 6 of the report

(e) Staffing Implications

There are no staffing implications arising directly from this report

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising from this report

(h) Consultations

All capital budget managers have been consulted in the preparation of this report. All Heads of Service and the Corporate Management Team have been consulted and any comments incorporated in the report.

8. CONCLUSION

8.1.1 Capital expenditure amounts to £56,728,000 to the end of March 2020.

8.2 Capital budget carry forwards of £10,486,000 are requested.

Author of Report: Laurie Milne, Senior Accountant
Background Papers:
Ref: LM/LJC

Moray Council Capital Programme 2019/20
As at 31 March 2020

	Current Capital Plan 2019/20 £000	Actual Expenditure £000	Variance £000	Carry Forwards Requested 2020/21 £000	Carry Forwards Requested Future Years
Land and Buildings					
Children and Young People's Services Committee	39,038	34,735	4,303	4,147	
Economic Development and Infrastructure Committee	11,132	9,106	2,026	926	1,143
Policy and Resources Committee	1,299	125	1,174	1,143	
Infrastructure					
Economic Development and Infrastructure Committee	11,041	8,724	2,317	1,207	
Vehicles Plant and Equipment					
Children and Young People's Services Committee	392	144	248	9	
Economic Development and Infrastructure Committee	4,546	3,271	1,275	1,317	
Policy and Resources Committee	1,377	623	754	644	
	68,825	56,728	12,097	9,393	1,143
Funding					
Prudential Borrowing	39,838	28,895			
General Capital Grant (exc PSHG and CYPA)	11,949	11,949			
Specific Capital Grant - Children and Young Persons Act	2,800	2,800			
General Capital Grant - Lossiemouth High School	11,365	11,365			
Specific Capital Grant - Town Centre Fund	1,233	90			
Specific Capital Grant - CWSS	157	157			
Other Grants & Contributions	1,483	1,472			
	68,825	56,728			

Major Capital Projects spanning more than 1 financial year (as at 31 March 2020)

APPENDIX 2

Description	Approved Total Budget	Total Expenditure in previous financial years	Current Budget 2019-20	Actual spend 2019-20	Remaining Budget 2019-20	Project Life Spend to 31/12/19	Projecte dFuture Years Budget Required	Estimated Final Cost	Projected Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Milnes PS 61582 early learning & childcare	2,500	2,373	127	227	-100	2,600	0	2,600	-100
New Linkwood Primary School	12,810	1,549	10,067	8,337	1,730	9,886	1,194	12,810	0
New Lossiemouth High School	43,000	10,171	21,273	19,764	1,509	29,935	11,556	43,000	0
Early Years Learning & Childcare	7,143	1,176	4,067	3,159	908	4,335	1,900	7,143	0
LED Street lighting replacement programme	5,000	3,117	700	666	34	3,783	34	3,701	1,299
Moycroft Integrated Waste Facility	2,947	366	2,581	2,035	546	2,401	0	2,947	0
NESS Energy from Waste	27,224	660	7,606	6,463	1,143	7,123	18,958	27,224	0
Total	100,624	19,412	46,421	40,651	5,770	60,063	33,642	99,425	1,199

