



Moray Council

Wednesday, 29 June 2022

The undernoted reports have been added to the agenda for the meeting of **Moray Council** at **9.30am**, in terms of Section 50B (4)(b) of the Local Government (Access to Information) Act 1985 by reason of special circumstances on the Chair accepting the report as urgent business.

NOTE REFERRED TO:-

16a. Just Transition Fund Report - Pages 3-7

Report by Depute Chief Executive (Economy, Environment and Finance)

17d. Unaudited Annual Accounts for 2021-22 - Pages 9-14

Report by Depute Chief Executive (Economy, Environment and Finance)



REPORT TO: MORAY COUNCIL ON 29 JUNE 2022

SUBJECT: JUST TRANSITION FUND

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

1. REASON FOR REPORT

- 1.1 To inform the Committee of the Just transition Fund details and seek approval for submitting bids.
- 1.2 This report is submitted to Council in terms of Section III A (2) of the Scheme of Administration relating to long-term financial plans.

2. RECOMMENDATION

2.1 It is recommended that Council:-

- (i) **consider and note the criteria and timescales for delivery of projects under the Just Transition Fund; and**
- (ii) **agree delegated authority to the Chief Executive in consultation with Group Leaders to submit Expressions of Interest by the 15th July 2022**

3. BACKGROUND

- 3.1 On 31st May 2022 the Scottish Government published the call for year one projects for the Just Transition fund for the North East which covers Aberdeen, Aberdeenshire and Moray Council areas.

The Just Transition impact objectives are:

- ensure that the investment is targeted in such a way that can create good, green jobs now and throughout the transition to net zero
- ensure communities directly benefit from the Fund, including through the ability to decide on and drive spend
- work in partnership with the private sector, especially shaping opportunities to crowd in private sector finance

- collaborate at a local and national level on the decisions that impact the North East and Moray

The fund allocation for the North East is £500 million over 10 years, The Scottish Government has provided £20 million for the first year of the fund, £1 million of which will be distributed through participatory budgeting mechanisms that will be managed through the Third Sector Interface in each area. There are three core aspects that constitutes the process of PB, which include:

1. Communities coming together to generate ideas and deliberate on how the budget should be spent.
 2. People vote for their priorities.
 3. The projects with the most votes get funded.
- 3.2 The remaining £19 million available for 2022/23 is open to bids from organisations and business and is a mix of Capital Grant funding and Capital financing such as loans, equity investment and commercial investments.
 - 3.3 Expressions of interest need to be submitted by the 15th July 2022 and will be assessed against the criteria published with the call for bids which is available [here](#).
 - 3.4 The following areas are currently being considered for submission expression of interest for 2022/23
 - 3.5 **Hydrogen** – to progress the Moray Hydrogen Strategy to feasibility stage. Work up the identified pilot projects such as supply points and carry out feasibility work on setting up a hydrogen working group to take the projects forward. This will enable future funding bids to be made to the Just Transition Fund for capital investment.
 - 3.6 Potential for conversion of fleet vehicles to utilise hydrogen which will provide initial demand for hydrogen supply points developed and would be needed as part of the feasibility work.
 - 3.7 **Buckie Harbour** – Feasibility studies / preliminary design for harbour development (with a view to future funding bids) and potential bid for site or unit development for supply chain provision.
 - 3.8 **Collaboration projects** – Potential project on a regional basis to build on work in education on to develop senior phase pathways to key growth sectors and those with future demand for skills. This builds on existing projects which are being looked at independently in each authority and offers the opportunity for wider collaboration.
 - 3.9 There will be links across the region with the development of hydrogen and existing infrastructure in Aberdeen.
 - 3.10 **EV Transition** – enhancing the infrastructure capacity for future chargepoint expansion by upgrading electrical supply in key strategic locations which will

support the developing EV strategy which is expected to be reported by October 2022.

- 3.11 **Just Transition Moray-** Local Authorities cannot bid directly for the financial Transaction element of Just Transition which makes up half of the £500 million. There could be the potential to bid for capacity funding to create an arm's length organisation to deliver decarbonising solutions to those facing the greatest barriers to transition to a low carbon economy, such an organisation would be eligible for equity funding from Just Transition and could operate in a similar way to urban regeneration companies that have been used elsewhere in Scotland but with the focus on renewables,
- 3.12 **Regeneration of vacant/ derelict sites-** Potential to bid for acquisition of vacant and derelict properties to support regeneration and their subsequent redevelopment for affordable residential or community use. Developments will be built to net zero standards and provide a training platform for apprenticeships, building up local skills and green employment opportunities in sustainable design and construction. As well as supporting regeneration, this will accelerate provision of affordable housing, develop local green jobs and skills, redevelop eyesore properties and support the local supply chain.
- 3.13 **Creation of a green business park –** Land acquisition in the east of Moray to support creation of a green business park to stimulate the supply chain for the Buckie Harbour development. Investment will create green jobs, encourage the co-location of green industry and stimulate the supply chain for off-shore renewables.

4. **SUMMARY OF IMPLICATIONS**

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

The Just Transition Fund will contribute to achieving the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. Any funding agreements will be undertaken in consultation with Legal.

(c) Financial implications

None arising from this report however bids will have the potential to secure substantial investment.

(d) Risk Implications

The key risk is the timing of the preparation of the expressions of interest with a very short timeline. The process is competitive and there is no guarantee of being successful with bids. Once signed off by the Scottish Government there is the financial risk of spending the funds in the allocated financial year.

(e) Staffing Implications

The work around the Just Transition Fund has been limited due to the extensive work being undertaken across council teams associated with other external funding opportunities such as the UK shared Prosperity Fund, UK Levelling Up fund and Growth Deal work. The services remain under significant workload pressures associated with business support, COVID 19 grants, Town Centre Fund Capital Grant, Economic Recovery Plan, Growth Deal and funding. Whilst successful bids can bring some capacity to deliver projects our ability to develop bids within the core team is significantly constrained. As set out in the Strategic Funding Opportunities report also on the agenda, there will not be sufficient capacity to pursue every funding opportunity and ongoing prioritisation of scarce resources will be required. Given the scale and targeted nature of this fund however, it is viewed as a high priority moving forward

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

The fund will bring economic investment into Moray's areas of which some are characterised by low wages, low rates of full-time employment, wealth deprivation and child poverty.

(h) Climate Change and Biodiversity Impacts

None arising from this report. Although the opportunity to accelerate decarbonisation of Moray is significant

(i) Consultations

The Depute Chief Executive: Economy, Environment and Finance, Depute Chief Executive Education, Communities & Organisational Development, the Head of Economic Growth and Development, the Head of Governance Strategy, the Head of Financial Services, the Equal Opportunities Officer and Tracey Sutherland (Committee Services Officer) have been consulted and their comments incorporated.

5. CONCLUSION

- 5.1 The Just Transition Fund has a presents an opportunity to ensure that the transition to a low carbon economy provides green jobs and opportunities and that there is an equality of opportunity in that transition.**
- 5.2 The first year of funding will allow some pilot projects and feasibility studies to develop plans for future funding opportunities.**

Author of Report: Jim Grant,
Head of Economic Growth and Development

Background Papers:

Ref:



REPORT TO: MORAY COUNCIL ON 29 JUNE 2022

SUBJECT: UNAUDITED ANNUAL ACCOUNTS FOR 2021/22

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

1. REASON FOR REPORT

- 1.1 The Council is asked to consider the unaudited Annual Accounts for the year to 31 March 2022 for both Moray Council and the Connected Charity Trust Funds administered by the Council.

2. REASON FOR URGENCY

- 2.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his/her opinion it requires to be considered on the grounds of urgency in order to give consideration to the unaudited accounts prior to them being submitted to the external auditor, Audit Scotland. Due to pressure on resources it was not possible to complete preparation of the accounts earlier.

3. RECOMMENDATION

3.1 It is recommended that Council considers and notes the:-

- (i) unaudited Annual Accounts for Moray Council for the year ended 31 March 2022; and**
- (ii) Moray Council Connected Charity Trust Funds Trustees' Report and Financial Statements for the year ended 31 March 2022.**

3.2 It is recommended that Council approves that both the unaudited Annual Accounts and the Moray Council Trust Funds Trustees Report and Financial Statement are signed by both co-Leaders of the Council, Councillors McLennan and Robertson.

4. BACKGROUND

- 4.1 The unaudited Accounts for 2021/22 for the Council and for the Connected Charity Trust Funds administered by Moray Council are available as separate documents under additional meeting documents on the meeting page on CMIS. These documents will be posted to the Council's website after this meeting.

Moray Council Annual Accounts

- 4.2 These accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is underpinned by International Financial Reporting Standards (IFRS). They summarise the council's financial transactions for the year to 31 March 2022.
- 4.3 The regulations require the unaudited Annual Accounts to be presented to the External Auditor by the 30 June and for the Council to consider before a given date which in ordinary times is 31 August but was extended last year to 30 November and is extended again this year, to 31 October.
- 4.4 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 2021/22 include Trust Funds and Common Good Funds 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.
- 4.5 There are four core Financial Statements: the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement. Of these, the Statements most likely to be of interest to most users of the accounts are the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.
- 4.6 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 International Financial Reporting Standards. This includes entries relating to revaluation of assets and other entries which, by statute, cannot be charged to the Council Tax payer.
- 4.7 The Statement shows a surplus of £105.340 million, which includes a net increase of £105.214 million for the revaluation of the Council's assets plus a decrease for the re-measurement of the defined benefit liability of the council's pension fund of £13.292 million.
- 4.8 Removing these items leaves a deficit on the Provision of Services of £13.166 million. After adjustment for other items not chargeable to Council Tax or Housing Rent payers (e.g. depreciation), this "book deficit" equates to a surplus of £5.665 million. This is reflected in the Movement on Reserves Statement.

- 4.9 The Movement on Reserves Statement shows the movement on the different reserves held by the council, analysed into Unusable and Usable Reserves.
- 4.10 Unusable Reserves arise from accounting entries required to comply with International Financial Reporting Standards but which cannot impact on the level of Council Tax or Council House Rent payable. Unusable reserve increased by £99,675,000.
- 4.11 Usable reserves accounting 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. Usable reserves increased by £5,665,000 per paragraph 3.8 above.
- 4.12 The net movement on the General Fund in 2021/22 was an overall increase of £3.361 million. Note 11 to the Accounts shows an analysis of the General Fund, which consists of a general service element (the free general reserve), the Devolved School Management (DSM) balance and various ear-marked and otherwise restricted funds, the most significant of which is the ear-marked reserve for Covid-related expenditure, created in 2020/21 from Scottish Government funding for the pandemic unspent at the year end. Significant levels of funding were announced and transferred in March 2021 and further funding received during 2021/22. The Council's budget from 2022/23, approved on 22 February 2022, assumes that most of this funding will be spent during 2022/23, in line with the assumption contained in the local government settlement letter from the Cabinet Secretary for Finance and the economy in December 2021.
- 4.13 In setting the budget for 2021/22 the Council planned to use £10,000 from the free General Services reserve. There was no actual use of this reserve, with expenditure covered exactly by income following transfer of balances to ear-marked reserves. The balance carried to the ear-marked reserve for Covid was calculated to leave the policy minimum on free general reserves. The balance on DSM carried forward to 2022/23 was £0.55 million less than that carried forward into 2021/22. Long delivery time for ICT equipment and delays in construction work led to significant planned expenditure not taking place in 2021/22. The ear-marked reserve for the expansion of Early Learning and Childcare was expended in 2021/22, with the expansion now complete. Unspent Pupil Equity Funding held in reserves increased by £0.244 million. This funding is received on a financial year basis but spent on an academic year basis and so it is expected that there will be a balance at the end of the financial year. Funding of £1.816 million was transferred into the reserves for Transformation and of £7 million to reserves for Council priorities in compliance with the decision taken by Council on 15 September 2021. Unspent grant funding of £16.421 million was ear-marked to fund Covid-19 related expenditure and loss of income in 2021/22 and potentially in future years and a further £5,665,000 transferred at 31 March 2022. Other funds decreased by £0.428 million, primarily relating to the Scottish Welfare Fund (SWF), where funds of £0.438 million were transferred to ear-marked reserves for SWF at the end of 2020/21.

- 4.14 The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2022. This includes pension liabilities falling due in future years, which will be financed by pension contributions through the Council's revenue expenditure. Assets of £1,178.270 million are offset by liabilities of £395.403 million, giving the council a net worth of £782.867 million, which represents the total value of the Council's usable and unusable reserves.
- 4.15 The Cash Flow Statement shows the movement in cash and cash equivalent during the financial year, a decrease of £14.946 million for 2021/22.

Connected Charity Trust Funds Administered by the Council

- 4.16 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 (United Kingdom Accounting Standards and applicable law). 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.
- 4.17 The financial statements for the Connected Charity Trust Funds 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, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice 2015 (FRS102) commonly referred to as the SORP.
- 4.18 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 council.
- 4.19 Moray Council administers 8 Registered Charitable Trusts for which it is sole trustee, with a total net worth at 31 March 2022 of £1.027 million (2021: £0.978 million).
- 4.20 Separate financial statements covering all the council's charitable trusts are published on the council's website.

5. 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 2014 require a Local Authority to submit a set of accounts to its External Auditor by 30 June.

The council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 which is underpinned by International Financial Reporting Standards.

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 the provisions of the trust deed.

The Audited Accounts, together with a copy of the External Auditor's Report shall be laid before a meeting of the council in due course.

(c) Financial Implications

The Annual Accounts provide extensive information about the council and its Connected Charity Trust Funds financial position at 31 March 2022.

(d) Risk Implications

There are no risk issues arising directly from this report. The Annual Accounts will be subjected to an audit by the council's External Auditors, Audit Scotland, who will provide assurance that the Accounts for 2021/22 give a true and fair view of the financial position and expenditure and income 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 throughout the council provide information for the inclusion in the Annual Accounts. The process begins before the end of March each year and is only completed once the audit of the Accounts is finalised in September.

(f) Property

None.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising directly from this report.

(h) Climate and Biodiversity Impact

There are no implications for climate or biodiversity arising from this report.

(i) Consultations

Finalising the Accounts does not involve consultation, but many staff throughout the Council are involved in providing information for inclusion in the Accounts.

6. CONCLUSION

- 6.1 The unaudited Annual Accounts shows the Council's financial position as at 31 March 2022. The audited accounts for 2021/22 will be submitted to a Council meeting in November 2022 along with any findings and recommendations from our external auditors, Audit Scotland.**

Author of Report: Lorraine Paisey, Chief Financial Officer
Background Papers:
Ref: LP/LJC/ *SPMAN-1293228629-700*