

Annual Accounts 2023/24



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Management Commentary

The Annual Accounts presents detailed information on the financial management and performance of Dumfries and Galloway Council, and how this has supported the delivery of the 2023-2028 Council Plan. The management commentary will outline some of the key highlights of the 2023-2024 financial year as well as the approach we are taking to some of the challenges and risks which may impact upon the Council in the future.

About Dumfries and Galloway



Councillors

43 Elected Members

- 16 Conservative and Unionist Party
- 11 Scottish National Party
- 8 Scottish Labour Party
- 3 Democratic Alliance
- 3 Independent
- 1 Liberal Democratic
- 1 Non-Specified



Land area

Total: 6,426 km²

Largest Towns

- Dumfries: 48,000
- Stranraer: 13,000
- Annan: 9,000



Population

Total: 146,000

- Male: 70,700 (48%)
- Female: 75,300 (52%)
- 27.1% are 65+
- 23.2% are 24 and under



Infrastructure

- Road Network: 4202km
- Leisure Facilities: 12
- Cultural Facilities: 17

Life expectancy

- Female: 81.1
- Male: 77.4



Budget

Revenue Budget: £430.352 Million*

Capital Budget: £38.725 Million*

*As reflected within the Agreed Budget agreed by Full Council in February 2023.



Economy

- Economically Active: 72.6%
- Businesses: 6,245
- Unemployment: 3.6%



Schools

- Secondary: 16
- Primary: 93
- Nurseries: 109

Entering Positive Destinations

- 95.9% of school leavers entering positive destinations
- 91.3% of People (16-64) have a Regulated Qualifications Framework (RQF)1 and above.



Council workforce

6,702 (5,287 FTE)

Female: 5,041 (75%)

Male: 1,661 (25%)



Poverty and Deprivation

- Child Poverty: 26%
- 10% of datazones are in national quintile 1, the 20% most deprived category.

Strategic Direction

Elected Members are responsible for making strategic decisions and through the Council's Committee Structure monitor the service delivery and performance.

In March 2023, a Conservative Council Administration was agreed, and Gail Macgregor was selected as the Leader of the Council.

For the year 2023/24, the Council was structured into four Directorates (Economy and Resources, Communities, Education and Learning, and Social Work) and led by the Chief Executive, Dawn Roberts.

The document also includes financial spend in relation to the Council's contribution to the Integration Joint Board.

“Our ambition is to be a successful region, with a growing economy, based on fairness, opportunity and quality public services, where all citizens prosper. Working in partnership, with connected, healthy and sustainable communities. The region will be the natural place to live, work, visit and invest.”

Council Plan

On 28 February 2023, the Dumfries and Galloway Council Plan 2023-28 was agreed.

This is our key strategic document which sets out the outcomes the Council wants to achieve for the region over the next five years. It guides our activity across the Council and gives focus to how we will deliver better outcomes for the citizens and communities in Dumfries and Galloway and achieve our vision.

The Council Plan centres on a core set of principles, to safeguard our future; support our citizens; support our communities; and be a responsive Council. These principles shape how we will deliver on our four themes: Economy; Travel, Connectivity and Infrastructure; Education and Learning; and Health and Wellbeing. Each of the four themes have strategic outcomes which we aim to achieve during the life of the Plan.

Our simplified 'Plan on a Page' is shown overleaf. This gives an overview of our vision, themes and strategic outcomes.



Economy



Travel, Connectivity and Infrastructure



Education and Learning



Health and Wellbeing



Council Plan on a Page



VISION: Our ambition is to be a **successful region**, with a **growing economy**, based on **fairness, opportunity** and **quality public services**, where all citizens prosper. Working in partnership, with **connected, healthy** and **sustainable communities**.
The region will be **the natural place to live, work, visit and invest**.

Principles

Safeguard our future



- Address the climate emergency
- Protect our natural capital

Support our citizens



- Put customers at the heart of services
- Support the most vulnerable and in need
- Address inequalities
- Offer digital services

Support our communities



- Empowering communities and individuals
- Work in partnership
- Focus on local and place
- Invest to enable change

Be a responsive Council



- Communicate openly
- Maintain high standards
- Maintain sustainable finances
- Make best use of resources
- Be organised to deliver

Themes and Strategic Outcomes

Economy



- There is a diversified and growing local economy that benefits all
- Our workforce and their skills base are growing
- Rural communities and places are vibrant and thriving
- Enhancing the region's natural capital benefits local communities and businesses
- Businesses are supported to start and grow
- Investment in the region benefits communities and the local economy

Travel, Connectivity and Infrastructure



- Roads, paths, cycling and walking networks in the region are improved
- Communities are protected from the impact of floods
- Sustainable travel in the region contributes to net zero
- The Council is a low carbon organisation
- People have access to services that are modern, efficient and responsive
- Digital connectivity supports thriving rural communities

Education and learning



- Places of learning are inclusive, sustainable and meet the needs of local communities
- We get it right for every child
- Children, young people and adults transition successfully through all life stages
- Young people and adults succeed in what they want to achieve
- Participation in creativity and play is part of early and lifelong learning experiences
- Local people can build their skills and confidence

Health and Wellbeing



- Prevention and early intervention assist people to have independent lives
- Access to personal support and care helps keep people safe
- People are active, resilient and improving their health and wellbeing
- Help is provided to tackle the causes and effects of poverty, inequality and increased cost of living
- People have access to high quality, affordable housing that supports their independence, prosperity and wellbeing

Council Delivery Plan

The Council Plan provides a basis on which our annual deliverables will be defined, our performance will be managed and importantly how we spend our resources.

The Annual Delivery Plan outlines the activities, outputs and projects which will help achieve or contribute to the agreed outcomes

in the Council Plan 2023- 2028. It sets out what we intend to do to achieve our strategic outcomes that year and allows us to review our performance over the last 12 months. The annual deliverables for 2023-24 were agreed on 30 March 2023, and our performance against these is set out in the Performance and Achievements section of this commentary.

Relationship between the key strategic documents.

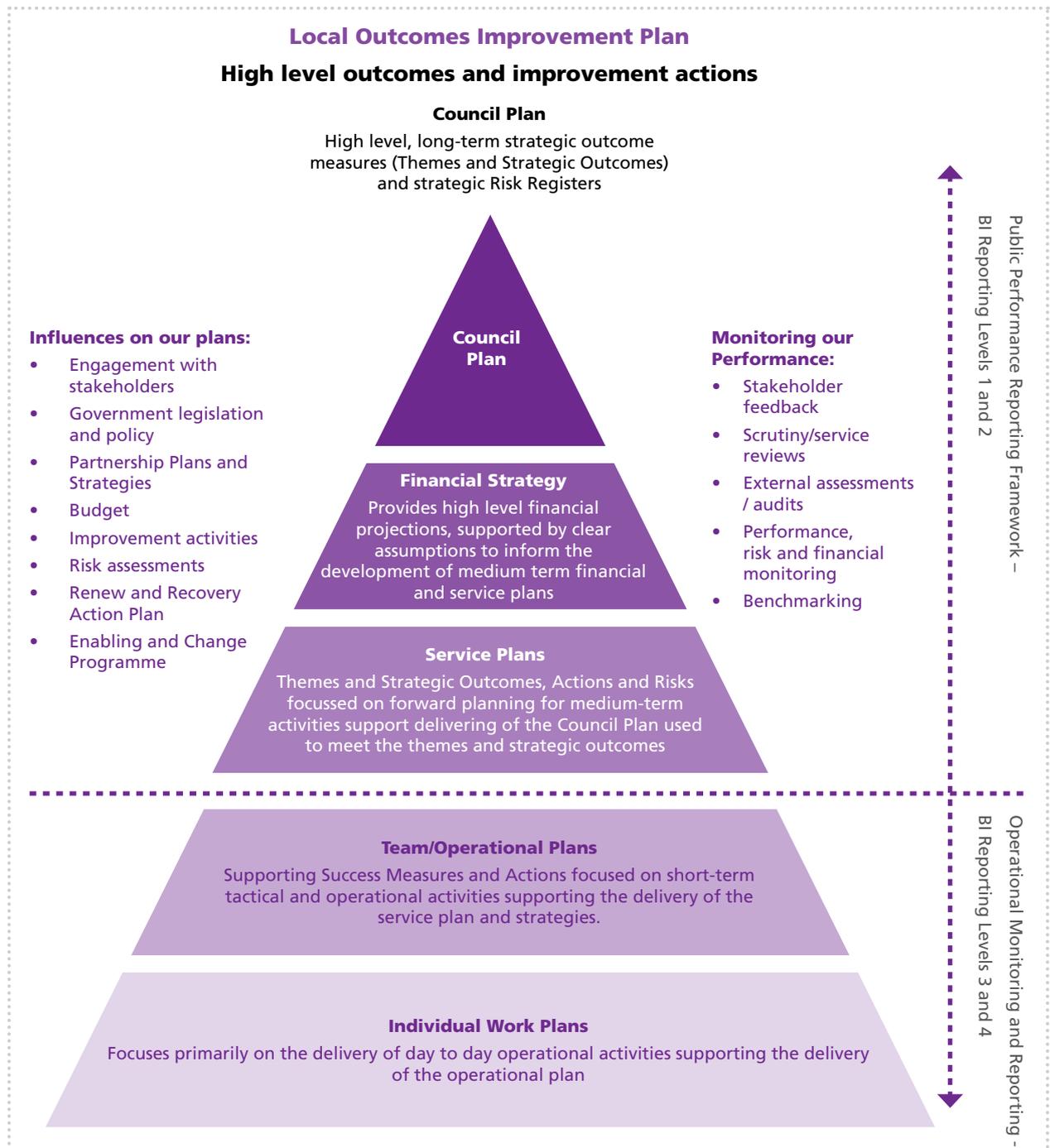


Figure 1

Financial Strategy

The Council's Financial Strategy provides high level financial projections to inform the development of medium term financial and service plans. It has recently reflected an approach that utilises non-recurring resources to delay/spread the need for the identification of significant savings to balance the budget. The 3 year budget agreed in February 2024 reflected a need to use non-recurring resources totalling £9.25 Million over the three year period 2024/25 – 2026/27, with the amount required reducing year-on-year to seek to the return of a balanced budget position at the end of this period.

The approach of utilising non-recurring resources provides a level of stability and has to date delayed the need for significant service change. It is recognised that this approach is not sustainable beyond the short-term and measures are currently being progressed that will allow the Council to seek to contain service pressures, avoid increased spending and progress more significant change and savings over the upcoming period to return to a sustainable balanced budget beyond the short term.

The 3 year budget agreed in February 2024 reflects a Change and Savings Programme with a requirement for savings totalling £21.2 Million by financial year 2026/27 and arrangements are being progressed to ensure the identification and delivery of these savings.

Service Plans and Delivery

Each of our services produce a service plan which details specific actions from the Council Delivery Plan, key service activities, change and improvement activities and success measures that they will deliver. Service Plans are reviewed annually following approval of the Council's Annual Delivery Plan aligned to the Council Plan 2023-2028.

These plans directly link back to the annual delivery of the Council Plan 2023-2028 and individual Heads of Service report their performance to Service and Area Committees on a six-monthly basis.

Community Planning

The Council Plan aligns with the Local Outcomes Improvement Plan 2023-2033 (LOIP), which was approved by the Community Planning Partnership Board on 1 September 2023. The LOIP outlines how the partnership will tackle inequality and socio-economic disadvantage and the associated improvement actions to achieve this. The updated LOIP sets out three themes: Health and Wellbeing; Work; and Where We Live. There are 12 Outcomes that sit under these themes which will be the focus for the Community Planning Partnership until 2033.

The Performance Framework to monitor achievement of these Outcomes is drawn from the wide range of Strategies and Plans currently in place and the LOIP Action Plan prioritises key issues to be progressed.



Restructure

Proposals to reshape and realign the Council’s senior management team based on a one-council approach was agreed on 4 October 2023 and was implemented from 1 April 2024. The focus of this change and investment is to improve the effectiveness of our Council to enable the delivery of our Council Plan and deliver improved outcomes for the people of Dumfries and Galloway. The new structure will help to meet future challenges and build on our approach to manage change, collaborate with partners, develop our workforce to be as successful as they can, and build a culture where collaboration is at the heart of what we do.

Under the new structure, the four new Directorates will be: Social Work Services; Skills, Education and Community Wellbeing; Economy and Infrastructure; and Enabling and Customer Services. The four Directorates will be led by three Executive Directors and a Service Director, with the creation of three Assistant Director posts.

The Chief Officers chart (at DATE) following the restructure is shown below. The details within the accounts are based on the position prior to the implementation of the restructure.



Our Performance and Achievements

Our Performance

Our End of Year position report on the Council Plan Delivery for 2023/2024 was agreed on 28 March 2024. The report consolidated and summarised our Council Plan performance over the year (as at end of February 2024) to demonstrate how we have delivered on our themes and strategic outcomes and to support our public performance reporting arrangements.

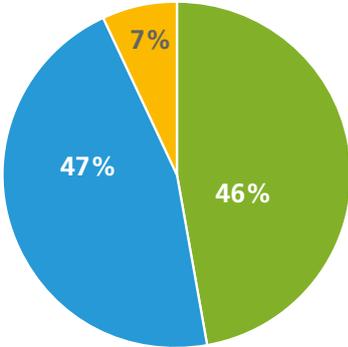
Council Management Team oversee a quarterly review of progress across activity within the annual delivery statement and ensure any

actions or follow up required is undertaken throughout the year. This reflects the shared responsibility for achieving the Council Plan outcomes and the joint efforts to deliver the actions within the annual delivery statement. All senior officers contribute and support the progress of the Plan working as one Council.

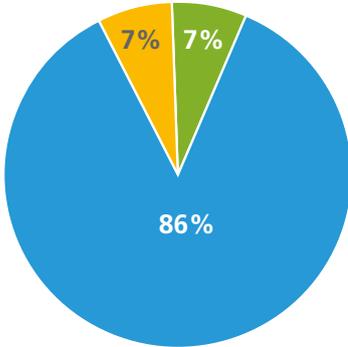
The Council Plan 2023-2028 consists of 4 Themes and 23 Strategic Outcomes. The End of Year position report set out the actions that would be completed and a summary of the progress made is shown in the charts below.

Council Plan Delivery by Theme as at end of February 2024

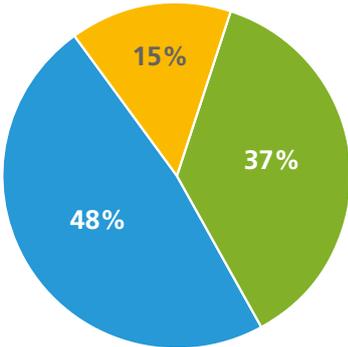
 **Economy**
(45 actions)



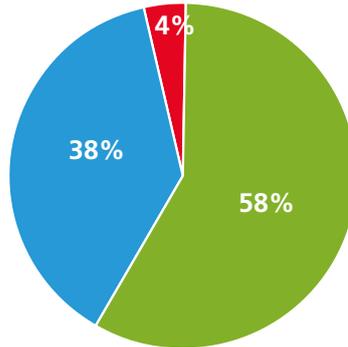
 **Travel, Connectivity and Infrastructure**
(28 actions)



 **Education and Learning**
(40 actions)



 **Health and Wellbeing**
(24 actions)



Complete		Delivery has been completed.
On track and in progress		Delivery is on track. The project or programme is multi-year and key milestones met.
In progress		Actions have progressed with further work required to complete.
Not started		The planned action or activity has not yet started.

From the graphs on page 9, we can clearly demonstrate that we have made progress across all of the themes and strategic outcomes with 125 (91%) of the total 137 actions being completed or delivery is on track as shown in green and blue respectively.

Key considerations:

- 11 (8%) out of the 137 actions are in progress with further work required to complete (as shown in amber). These projects have been agreed as part of the 2024/25 Council Plan Delivery Plan with the remaining milestones and next phase of the action being completed in 2024/25.
- One (0.7%) out of the 137 actions has not yet been started due (as shown in red). This is due to awaiting Scottish Government commitment to the next phase of the expansion of free school meals to pupils in Primary 6 and Primary 7. This action forms part of the 2024/25 Council Plan Delivery plan.

The End of Year position report which provides further information on our performance against each of the actions is available to view on the Council website.



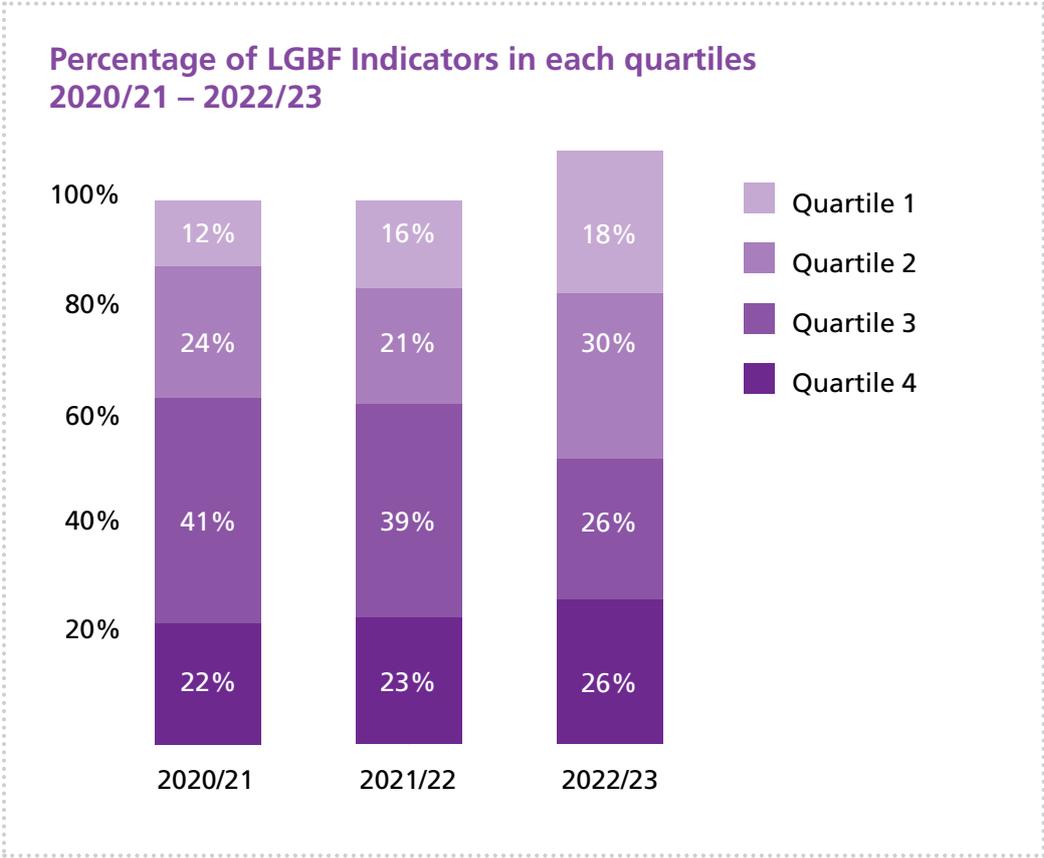
Comparing our Performance

We compare our performance through a range of national benchmarking forums, including the Local Government Benchmarking Framework (LGBF), as a means of identifying good practice and supporting continuous improvement. We use benchmarking to support our work to ensure that local communities receive the best possible services and outcomes.

The latest LGBF data available is 2022/23 which was published in February 2024 and helps councils to compare their performance against a suite of efficiency, output and outcome indicators that cover all areas of local government activity. In 2022/23 48% of our indicators were in the top two quartiles.

The graph below shows the percentage of LGBF indicators in each quartile over a 3 year period (2021/21 to 2022/23) using the data available. Please note that due to the frequency and the data available not all indicators are included.

This allows relative performance to be assessed by dividing it into four quartiles, with quartile one representing top performance and quartile four representing poorest performance.



In 2022/23, some areas where our performance was among the top performing councils in Scotland include:



Cost of **planning and building standards** per planning application



Number of business gateway **start-ups** per 10,000 population



Percentage of **invoices** sampled that were **paid** within 30 days



Net cost of **waste collection** per premise



Percentage of adults satisfied with **refuse collection**



Literacy Attainment Gap (P1,4,7 Combined)



Numeracy Attainment Gap (P1,4,7 Combined)



Sickness absence days per employee (non-teacher)



Proportion of **Scottish Welfare Fund (SWF)** Budget Spent



Proportion of **Discretionary Housing Payments (DHP)** Funding Spent

We continue to take a targeted approach to improving our performance and recognise that there are a few areas for improvement including:



Average Total Tariff
SIMD (Scottish Index of
Multiple Deprivation)
quintile 1
(most deprived)

The tariff scale provides a measure of the latest and best achievement in each subject area for national qualifications and a range of wider awards for S4-S6 pupils



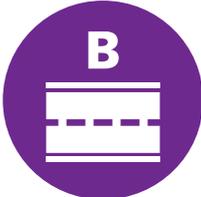
Percentage of
P1, P4 and P7 pupils
combined achieving
expected CFE Level in
Literacy



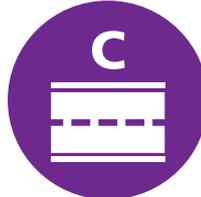
Percentage of
P1, P4 and P7 pupils
combined achieving
expected CFE Level in
Numeracy



Percentage of **A Class roads** that should be considered for maintenance treatment



Percentage of **B Class roads** that should be considered for maintenance treatment



Percentage of **C Class roads** that should be considered for maintenance treatment



Net cost
of **waste disposal** per
premise



Number of days **people**
spend in hospital when they
are ready to be **discharged**,
per 1,000 population (75+)



Cost per
attendance at
sports facilities

A briefing is made available to Elected Members, following analysis of the national Local Government Benchmarking Framework data and can be found on the Council's performance webpage - Elected Member briefing - Local Government Benchmarking Framework 2022-2023

Further information on how we compare with other Scottish councils is available on the Local Government Benchmarking Framework online dashboard: <https://www.improvementservice.org.uk/benchmarking/explore-the-data>

Key Highlights and Challenges

Cost of Living

The Council Plan includes a strategic outcome to provide help to tackle the causes and effects of poverty, inequality and increased cost of living. This is underpinned by our principle to support the most vulnerable and in need through targeting resources.

The 2023/24 Agreed Budget reflected increased investment of £1.997 Million to support 17 Cost of Living projects. These projects sought to help people and households experiencing poverty and inequalities.

An End of Year Evaluation Report on the delivery of all projects which have been supported by the increased investment was considered by our Communities Committee in June 2024. The evaluation showed significant positive impacts on local communities and our most vulnerable citizens for the investment across all projects.

As part of the funding, the Welfare and Housing Options team was supported. This team provide targeted support to those at risk of losing their tenancy due to rent arrears, financial pressures or where further financial assistance would assist in maintaining tenancy. In 2023/24, there were 348 customers supported. 27% (95) of these customers had an imminent threat of eviction. Given the current pressures in Homeless services this work has prevented further pressures and potentially saved the authority the costs of providing further temporary accommodation, and reduced the level of stress and anxiety felt by the person who is at threat of losing their home.

During 2023, the Summer of Play Fund was delivered using part of the investment from Dumfries and Galloway Council, as well as funding from the Scottish Government. The Summer of Play offers free summer events and activities to specifically targeted children and young people who sit within the six priority



COST OF LIVING Dumfries and Galloway

groups as included within our region's Annual Child Poverty Action Plan report. The activities were on offer across all 12 Ward areas and were wide ranging and varied from summer roadshows in smaller towns and villages, jewellery making, camping trips, STEM workshops, cooking classes, free swimming sessions, drama workshops, pony carriage driving and more.

Through the Summer of Play Monitoring and Evaluation Reports that were submitted as part of the fund, we know that 10,069 children and young people in Dumfries and Galloway took part in at least one of the activities on offer. We were also able to look at the target groups as identified within the Children's Poverty Plan who accessed activities ran using Summer of Play funding. 89% of all children and young people reported that they felt better about themselves after taking part in an activity, with 84% of children and young people saying that they wouldn't have been able to take part in the activity if they were not free of charge.

An interim evaluation of the Cost of Living projects took place in January 2024 to assist with the budget setting process for 2024/25.

Investing in our roads

Improving the region's roads is one of our Council's highest priorities and features in our Council Plan. Dumfries and Galloway Council has invested significantly in improving the condition of our roads in the region with additional funding allocated to enable us to repair more potholes, improve the drainage of our roads, repair more bridges and improve the condition of our foot and cycle ways. The Roads Service has taken a staged approach to ensure the maximum benefit and value from this additional investment.

In 2023/34, additional one-off revenue resources of £1.688 Million was fully utilised in supporting additional repairs across the region's roads. This investment has enabled us to use recent innovations in road repair that have been used effectively by other organisations to test their efficiency and effectiveness on our region's roads. We have a much-expanded programme of spray injection patching for 2024/25 as this proved to be a successful method for our road network.

A key priority was to build up our workforce and procure new contracts to ensure we had the resources needed in place to deliver this major maintenance programme. In 2023/24, an additional 25 frontline roads operatives were employed, bringing our total Roads Operatives workforce to 70. This recruitment has allowed us to repair damage to our roads while increasing our capacity and creating good quality local jobs. We are also developing major new supply chains to ensure we have the best quality contractors working with us and hope this is an opportunity to grow local employment opportunities.

The Council has utilised digital solutions to enable better planning of road works. These tools can make inspections and surveys quicker and better so that our teams have the best possible information available to them when planning road maintenance; in turn we are able to improve the information available to the public.



Being able to provide the public with regular and improved information has been an important part of the Roads Investment Programme during 2023/2024. We recently launched the new 'Roads, Transport and Parking' section of our public website, making it easier for customers to find information and carry out requests. Members of the public can also subscribe to the Roads Works Programme weekly bulletin to receive information on roadworks taking place in their area of the region.

Further ongoing investment of £2.5 Million per annum, £1.050 Million revenue and £1.450 Million capital, has been made available within the 2024/25 Budget in recognition of the additional investment required to support improvements in our region's roads network, with a further non-recurring allocation of £20.6 Million to fund additional capital works over the next 4 years at £5.150 Million per annum. Overall, this reflects a significant investment to improve the condition of our roads, bridges, foot and cycleways.

The increased investment and steps undertaken in 2023/24 enabled us to plan the repair programme for the years ahead, with a dedicated programme of repairs well underway in 2024/25. The Council will continue to prioritise investment in those parts of the road network where maintenance is most needed.

Social Work Pressures

In 2023/24, Social Work Services experienced a sharp increase in placement numbers and costs within Residential Placements and Fostering. The extent of increased costs being incurred were primarily due to an increase in the number of children within secure and other high-cost placements and an increase in the average cost of individual placements (due to the complexity of cases being presented). In addition, the Council is continuing to experience significant challenges associated with both retaining and increasing the number of fostering households that are available to support young people, resulting in an increase in the need for more expensive external fostering placements. For 2023/24, £1.295 Million was provided through the allocation of budget pressures funding to support these pressures.

As part of the 2024/25 Budget, the Council agreed additional recurring funding of £1.490 Million to support the increased pressures and investment requirements. This will support an increase in early intervention to support Social Work Services in addressing these pressures over the upcoming period 2024/25 to 2026/27.

Additional non-recurring funding was also made available to support the planned implementation of mitigation measures. These measures include the introduction of a dedicated Kinship Care



Team; the recruitment of 10 additional Intensive Support Foster Carers; and the introduction of an Intensive Support Outreach Team. The Outreach Team will provide support to those children and families that are on the edge of care or placement breakdown to remain where they are or, for those who are in out of region placements, to return home more quickly to their families/carers or foster carers within the region by providing specialised, trauma informed, targeted family support.

INTENSIVE SUPPORT SERVICES (ISS)

Could you be a superhero by supporting a vulnerable young person with somewhere safe to live?

Dumfries & Galloway Council

The measures are designed to provide greater resourcing for intervention and support arrangements to restrict and reduce the need for children to be supported through high-cost placements (particularly residential placements). It is anticipated that introducing the measures will result in a gradual reduction in the need for external residential placements and external fostering placements.

Waste Strategy and Digitalisation

The Waste, Recycling and Re-use Strategy 2023-2030 was approved in October 2023 and represents a significant moment in our region's approach to waste management.

The strategy sets out a series of measures and actions that are intended to futureproof the Council's Waste Service to meet foreseeable legislation, contribute towards future and national climate change targets, improve its efficiency and customer service and improve the resilience of the Waste Service in a dynamic environment.

Our vision is for our region's waste production to be reduced, and our repair, reuse and recycling to be increased, creating a region which is cleaner and greener helping safeguard our future. The strategy has five key themes and each of these themes is supported by a detailed set of actions that taken together will deliver our aims.

Recent figures show that Dumfries and Galloway residents have embraced the kerbside recycling service, with the proportion of total household waste arising that is recycled increasing from 30.1% in 2020/21 to 45% in 2022/23, now higher than the Scottish average of 43.3% for the first time since the introduction of this as a Scotland wide measure of performance. We have moved up 5 places in the national rankings. Our Waste Strategy intends to build on this.

We have improved the most visited section of our public website, and also redesigned seven customer transactions, ranging from missed bin to assisted collection adopting a

recognised design system to ensure our forms are accessible, easy to use and familiar. There is now a real-time-updated waste collection calendar and significant refinements have been made to the Household Waste Recycling Centre booking system. All these changes are based on user research, focussing on the needs of our customers.

For the first time, customers can now get their bulky items picked up through an online transaction (the ability for customers to do this by telephone is retained). Since the online service was launched, 73% of all bulky request have been done online. 27% of our customers still wish to call us or visit our customer service centres to book their uplift. This marks a significant channel-shift for a popular customer service that was previously unavailable online. The new section of the website launched on 1 November 2023.

Going forward, following the Council's successful bid to the Scottish Government Recycling Improvement Fund Small Grant Scheme, kerbside collection of household batteries will be rolled out in 2024/25. In addition, we are exploring external funding opportunities for the development of the Garden Waste Collection Service from 2025/26.

The 2024/25 Agreed Budget reflected an allocation of £11.2M to enable a new Household Waste Recycling Centre and waste-bulking facility to be created to support the Council's agreed Waste Strategy and increase recycling rates.



Dumfries High School

The Council Plan 2023-2028 includes a theme on Education and Learning and a strategic outcome that places of learning are inclusive, sustainable and meet the needs of local communities.

Dumfries Learning Town, phase 2 (DLT2) is a priority project in the Council's Capital Investment Strategy. It represents a significant investment in the future of education in the region, with the potential to bring about substantial benefits to the learning and development of young people in Dumfries and Galloway.

The Dumfries High School project, as part of the DLT2, will provide state-of-the-art educational and sporting facilities to benefit pupils and the wider community and support the wider regeneration of Dumfries. The project secured external funding from the Scottish Government as a Learning Estate Investment Programme 2 project in 2020, which will support up to 50% of the build costs. The project is being delivered through Hub South West and Morgan Sindall Construction were selected as the main contractor.

The project made significant strides in 2023-24. The design and specification package received planning permission in August 2023, and work was undertaken to determine project values for all work packages to provide cost certainty from a capital requirement perspective. In

February 2024, the Council fully analysed and accepted the Stage 2 report, detailing a shortfall and therefore additional funding requirement, for the project to move forward. The Council approved the works and the 2024/25 budget reflected an additional £11 Million to increase the Dumfries High School project budget to a total £55.5 Million to enable the project to progress to construction.

With project approval and contract close achieved, construction works on site have now started. Designed by Ryder Architecture, the new school will be built on the site of the former high school's football pitch and is due for completion in spring 2026. The project will be highly sustainable with a focus on energy efficiency delivering on our vision for the learning estate. As well as an all-weather sports pitch, it will house the new David Keswick Athletics Centre, offering PE and sporting facilities for pupils and the wider community. Externally, the new Dumfries High School will feature new social and dining areas, as well as an amphitheatre and science garden. Demolition of the former school will take place at a later stage in the project timeline.

This project represents a significant investment in the future of education in the region, demonstrating the council's commitment to enhancing educational infrastructure and creating a modern, integrated learning environment.



2023 UCI Paracycling World Championships

During July and August 2023, Scotland played host to the UCI (Union Cycliste International) 2023 Cycling World Championships, the biggest cycling event in history. Held over 11 days and across 10 host locations in Glasgow and across Scotland, the event integrated the para-World Championships into schedule of the mainstream World Cycling Championships for the first time.

Dumfries was the host area for the World Para-Cycling (Road) Championships, welcoming 411 competitors from 59 different countries to the town. The Council worked closely with project partners to successfully deliver the event that celebrated the endurance and inspirational qualities of the para-cyclists and profile the wonderful cycling opportunities in the region.

In August 2021, Dumfries and Galloway Council agreed to allocate £130.8k towards the World Para-Cycling Championships from corporate contingency funding. South of Scotland Enterprise (SOSE) also committed £250k of their own funding towards the event. In agreement with SOSE, the Council appointed James Law Research Associates to undertake an economic and social impact report of the Para-Cycling World Championships being held in Dumfries and Galloway.

In February 2024, our Communities Committee considered the economic and social impact of the event. James Law Research Associates estimated that the Direct Economic Impact of the World Paracycling Championships in Dumfries and Galloway was £1.88 Million and that the Council's investment was instrumental in achieving this benefit to the local economy.

Over £1 Million was generated for the accommodation sector in the region from 4,532 bed nights. A further £546k was spent by athletes/teams, spectators and event staff on food, drink and other items. £338k was spent by organisers, with contractors/suppliers based in Dumfries and Galloway, further boosting the regional economy. Survey work also highlighted that the majority of non-local spectators (85%) intend to return to Dumfries and Galloway.

The Chief Executive and Chairman of the 2023 Cycling World Championships acknowledged the positive role played by our Council in hosting a successful event, and reinforced the positive feedback received from the cycling federations who visited and competed within our region.



Climate

The Council declared a Climate Emergency in 2019 and set a target to achieve a regional net zero carbon status by 2025.

The Council has made significant reductions in its own carbon emissions, with an overall percentage reduction in tCO₂e of 51% between the years 2018/19 and 2022/23. In line with the Public Bodies Climate Change Duties Report, our emissions using the latest data available are highlighted below:

Year	Total (tCO ₂ e)	tCO ₂ e Reduction	% Reduction
2018/19	45,864		
2019/20	30,021	15,843	35%
2020/21	25,260	4,761	10%
2021/22	24,859	401	1%
2022/23	22,445	2,414	5%
Total % tCO₂e Reduction			51%

The Local Government Benchmarking Framework (LGBF) includes indicators on tackling climate change and carbon reduction. For the year 2021/22, the Council area wide per capita emissions increased by 1.33 to 5.56, which is 0.46 above the Scottish average. Dumfries and Galloway Council emissions within scope of local authority per capita also increased by 0.85 to 6.85, which is 2.28 above the Scotland figure of 4.57. In 2021/22 we have the second highest emissions within scope of LA per capita in Scotland.

In June 2023, Audit Scotland reported on the effectiveness of the leadership of the development of the Council's strategic priorities. The report highlighted that "there are no references to the target for Dumfries and Galloway to achieve a net zero carbon status by 2025 in either the Council Plan 2023-28 or the annual delivery statement". The report acknowledged the emphasis on climate change within the Council Plan's "Safeguard Our Future" principle. It recommended that the Council should clearly set out its net zero emissions target and how it plans to achieve it.

The Council agreed as part of an associated Improvement Action Plan with Audit Scotland that future targets for net zero emissions and actions would be re-established and recommendations brought to committee for consideration.

On the 28 March 2024, Full Council agreed to revise our net-zero targets – one for the Council as an organisation and one area-wide for Dumfries and Galloway, with different dates. The Council target is for the organisation to be a Carbon Neutral Organisation by 2033. Interim checkpoints to facilitate and capture the work undertaken are 75% reduction in carbon emissions by 2027, with 90% reduction in carbon emissions by 2031.

In terms of an area-wide target, it was agreed we support the region to become a net zero region on or before 2040 with a transition to a carbon negative region by 2045 to align with the wider regional aspiration outlined by South of Scotland Enterprise.



Council Workforce

A new Council Workforce Plan was agreed in March 2024. The Plan was developed to ensure that we have a workforce in place that can support the delivery of essential services both now and in the future. It will help deliver on our Council Plan ambitions and focuses on our Council's themes, principles, and strategic outcomes. It also aligns with the key outcomes of our People Strategy 2021-2026.

The Workforce Plan will help our understanding of our workforce requirements. Our Council's ageing workforce demographic and ongoing recruitment difficulties remain a challenge. We have particularly found it difficult to recruit teachers in rural locations; social workers, care and support workers; planners; ICT specialists; Procurement Officers; and technical posts. To address some of these difficulties, recruitment and retention solutions such as job re-design and increased trainee opportunities continue to be developed.

In 2023/24, in response to recruitment issues, the Council evaluated the Social Work Studentship Programme based on numbers recruited and retained over the past 20 years. Following evidence of a drop in numbers of applicants over the last 3 years, a staff survey was undertaken to establish why the most experienced unqualified social work and

social care staff in the Council were applying to the Programme in much smaller numbers compared to previous years. The survey found that of respondents currently employed in social work services, all but one said that with the correct support they would like to become qualified social workers within the next five years. However, just under 70% of respondents identified a drop in salary as a major barrier to them applying for the studentship.

It was agreed that to improve the accessibility of the programme, a Social Work Traineeship would be developed at a higher grade than the existing studentship with increased and more clearly defined operational responsibilities while studying for a Social Work qualification. The new Trainee Social Worker programme, like the Studentship, is based on a partnership between the Open University and Dumfries and Galloway Council, with an established single recruitment process.

As part of the Workforce Plan it was agreed that each Council service will develop a People Plan. In 2024/25 we will establish further career pathways and provide learning and development opportunities. This will help ensure that we support our employees to fulfil their potential and prepare them well for the next step in their career or to upskill to meet the changing demands of existing roles.



Trade Union Activities

On 1 April 2017 the UK Government implemented the requirement introduced by the Trade Union Act 2016 for Public-Sector employers to report annually on paid time off provided to relevant Trade Union Officials for Trade Union duties and activities. A summary of this information is provided below, and the full report can be found on the Council website.

	No of Reps (FTE)	No of Paid Reps (FTE)	Cost of Reps (£)	%age of Total Pay Bill
Non-Teaching	29	3.0	£144,234	0.05%
Teaching	4	1.2	£78,595	0.02%



Financial Performance

The Statements in the Annual Accounts

The principal financial statements in the Annual Accounts are:

- **Movement in Reserves Statement** - this shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves (e.g. reserves reflecting unrealised gains on the revaluation of assets).
- **Comprehensive Income and Expenditure Statement** – this statement is a summary of the resources generated and consumed by the Council in the year.
- **Balance Sheet** - this shows the value of the Council's assets and liabilities and reflects the overall financial position of the Council at the end of the financial year.
- **Cash Flow Statement** - this statement summarises the inflows and outflows of cash arising from transactions with external third parties.
- **Notes to the Financial Statements** – this provides further information on the Council's financial statements.

The supplementary financial statements are:

- **Council Tax Income Account** – this shows the gross and net income received from Council Tax, the number of properties on which Council Tax is levied and the charge per property.
- **Non Domestic Rates Account** – this shows the gross and net income from non-domestic rates (NDR) and details the amount payable to or by the national NDR pool, and the resulting redistribution of NDR income to the Council.

Additional notes in the Annual Accounts are:

- **Trust Funds** – this details the income and expenditure in respect of Trust Funds which are administered by the Council in its capacity as a trustee. All trusts are registered Scottish charities.
- **Common Good Funds** – this details the income and expenditure in respect of Common Good Funds which are held by the Council for the benefit of residents of former Burghs in the region.
- **Group Accounts** - this provides an overview of the financial position of the Council along with other organisations with whom the Council has control and/or a significant interest, i.e. Swestrans and the Integrated Joint Board. The statements provide an overview of the financial position for the group as a whole; comparable to what the financial position would have been should these entities have been included within the Council.

Financial Performance

During 2023/24, the Council has faced a range of pressures and challenges within an increasingly difficult financial environment. The key areas of increased demand and expenditure during the year were associated with Transport for Children with Additional Support Needs, Social Work Children and Families Residential Placements, Repairs and Maintenance on both the Council's property assets and fleet vehicles and maintaining the Council's Roads network. Overall, these increased demands were contained within the agreed budgets available due to the 2023/24 agreed budget setting aside resources to support anticipated inflationary and non-inflationary budget pressures and underspending within other Service functions.

The 2023/24 final operational revenue budget is detailed in the Revenue Budget - Final Outturn 2023/24 report approved by the Finance, Procurement and Transformation Committee on 18 June 2024 following in-year updates as a result of additional government funding allocations and budget movements. The initial 2023/24 revenue budget was approved by Council on 28 February 2023.

A summary of the 2023/24 outturn position for each Council Service is provided within the table below, with net resources of £914k transferred to reserves at the end of the financial year, to support service commitments for the upcoming period.

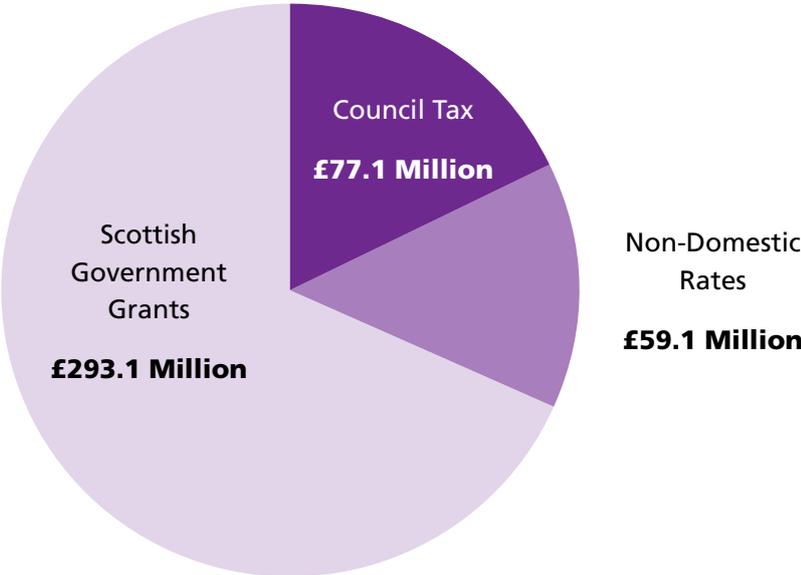
Service	Outturn Budget £000	Net Expenditure £000	Variance £000
Education and Learning	179,794	179,222	(572)
Social Work	32,749	32,749	0
Integrated Joint Board	94,616	94,616	0
Communities	83,554	83,310	(244)
Economy and Resources	47,391	47,293	(98)
TOTAL Operational Budgets	438,104	437,190	(914)

Note 7 to these accounts reflects the expenditure and funding analysis (EFA) for each of the above Council's services, with the inclusion of those specific grants that are attributed to each Council Service, as well as providing a reconciliation to the details provided in the Comprehensive Income and Expenditure Statement (CIES) on page 61 which can be summarised as follows:

Service	Net Expenditure (as above) £000	Specific Grants £000	Net Expenditure (as per EFA) £000	Net Accounting Adjustments (as per CIES) £000	Net Expenditure (as per CIES) £000
Education and Learning	179,222	(18,419)	160,803	6,407	167,210
Social Work	32,749	(3,287)	29,462	59	29,521
Integrated Joint Board	94,616	0	94,616	390	95,006
Communities	83,310	0	83,310	23,862	107,172
Economy and Resources	47,293	(865)	46,428	3,385	49,813
TOTAL Operational Budgets	437,190	(22,571)	414,619	34,103	448,722
Non-Distributable Costs			2,471	79	2,550
Net Cost of Services			417,090	34,182	451,272

The following chart summarises the main sources of funding for the Council in 2023/24.

Note – the Scottish Government Grants figure includes resources of £5.4 Million received as Capital funding support.



The Council also returned a corporate surplus of £947k across non-service budgets, equating to 0.2% of the agreed budget, primarily due to the release of unallocated funding and additional unallocated income, which were partially offset by an increase in the Council’s bad debt provision.

Agreed savings measures of £5.2 Million were delivered during the year, including £3.7 Million from the application of the fiscal flexibility in relation to Service Concessions, which also released one-off resources of £27.1 Million to the Capital Fund at the end of the financial year.

Due to a combination of significant increases in investment income on revenue balances associated with several increases in interest rates, and a delay in the need to undertake borrowing, the Council’s loan charges budget returned an underspend of £4.335 Million. These resources have been transferred to the Capital Fund to increase the level of funding available to support inflationary cost pressures on the Capital Investment Strategy.

This position provides a strong basis from which to approach what is anticipated to be an exceptionally challenging period for Local Government, with further expected reductions in the level of core funding received from the Scottish Government, increasing demands on Council Services, further inflationary cost pressures and the continued pressure of pay uplifts for 2024/25 being beyond what is considered to be affordable.

Whilst the Comprehensive Income and Expenditure Statement on page 61 reflects a surplus for the year, it is important to recognise that this includes the impact of accounting adjustments (particularly pensions accounting entries) and a more informative indication of the Council’s financial performance for the year is reflected in the movement in General Fund Balances shown in the Movement in Reserves Statement on page 62.

Capital Programme

Note 18 to these accounts provide summary information on capital expenditure and funding for 2023/24.

The Council's capital plans are determined on a prudential basis with the level of expenditure based on an assessment of the level of investment that is considered to be prudent, affordable and sustainable. This is assessed over a 10 year period.

The progress of capital projects and the level of capital investment incurred by the Council in 2023/24 was impacted by ongoing supply chain issues and the resourcing of projects (both internal and external). The net Capital Spending in 2023/24 was £38.3 Million (ie. gross capital spend less direct funding for specific projects) with the main areas of investment including:

- £13.2 Million invested in our key infrastructure including roads and bridges
- £11.7 Million invested in our school property estate
- £4.6 Million invested in our non-school property estate
- £2.8 Million invested in Economic Development Projects
- £2.9 Million invested in our ICT and Vehicles/Fleet
- £2.0 Million on Initial design work for Dumfries Learning Town Phase 2.

It is expected that capital investment levels will be increased over the upcoming period through a significant investment in roads improvement works and also to support ongoing investment in key assets such as schools as well as funding for major priority projects including the Dumfries Learning Town Phase 2 and the Borderlands Inclusive Growth Programme.

Treasury Management

The 2023/24 Treasury Management Strategy was agreed by Full Council on 30 March 2023. That strategy indicated that whilst there had been no new long-term borrowing undertaken since March 2019, it was anticipated that there would be a £9M borrowing requirement to support the 2023/24 capital investment strategy. Due to additional capital funding received in year, this resulted in no new borrowing being required in 2023/24.

However, as reflected above, the 10-year Capital Investment Strategy includes significant capital investment over the upcoming financial years, which will require to be supported by borrowing. The management and timing of this new borrowing is a key consideration for the treasury function.

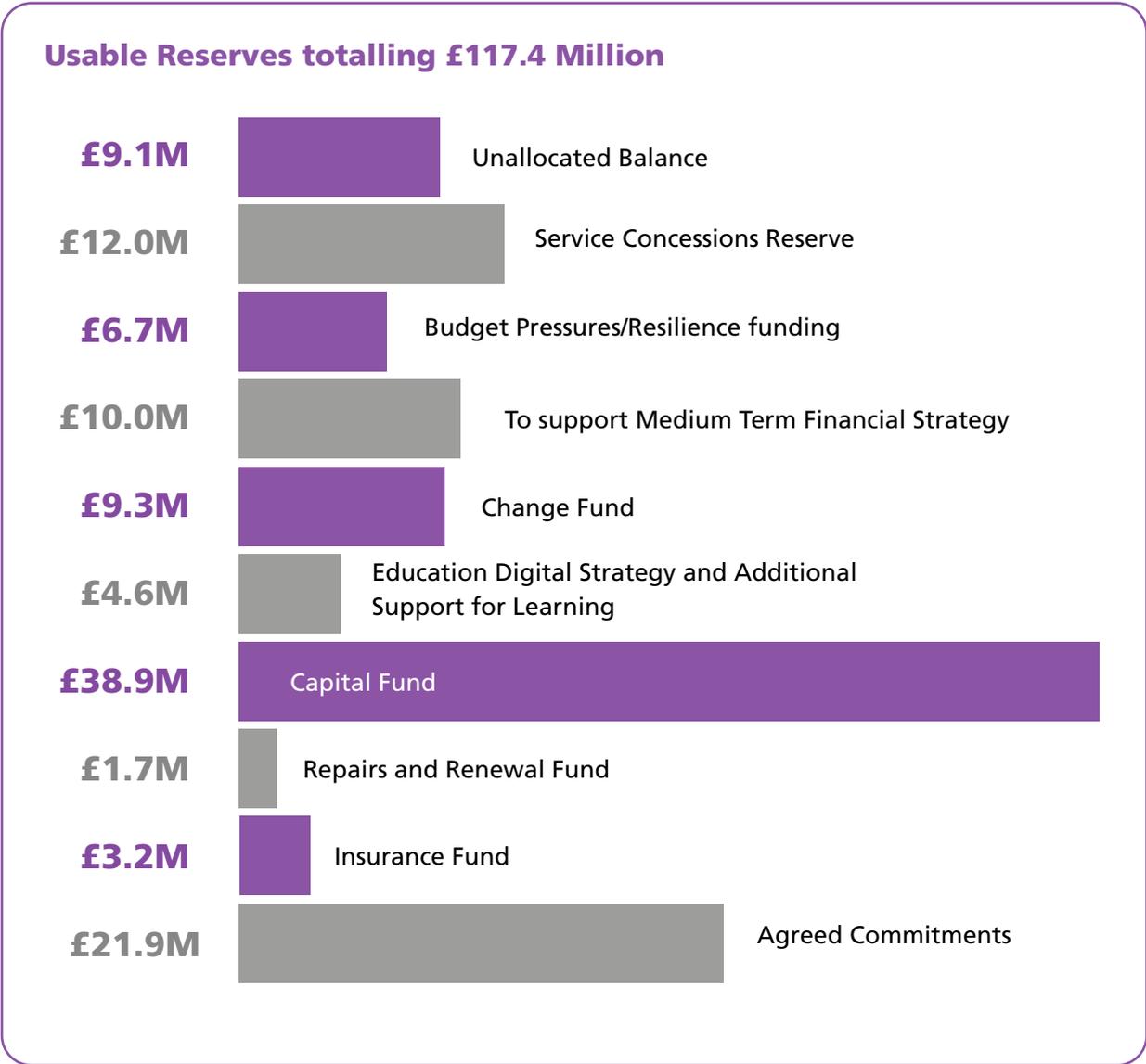
Due to there been no requirement for any new borrowing over recent years, and all current borrowing being at a fixed interest rate, the recent increases in interest rate has had no impact on the Council's borrowing costs. However, the increased interest rates have provided the opportunity to generate additional investment income on cash balances. During 2023/24 interest income of £2.5 Million was generated on cash balances, whilst ensuring the security and liquidity of funds was prioritised. This investment income contributed to the overall loan charges/ Interest on revenue balances underspend of £4.335 Million.

Amounts Held at the Year-End

During the year, General Fund resources of £21 Million were utilised as planned to support agreed commitments and specific initiatives, including:

- £1.7 Million to support investment in Roads improvement measures
- £1.3 Million to support investment in Cost of Living and Tackling poverty measures
- £2.2 Million to support investment in Schools Digital and Desktop Technology
- £1.5 Million to support affordable housing initiatives; and
- £1.1 Million to support required improvement works and increased insurance costs at the Lochar Moss Waste MPBT plant.

The overall resources at the end of the financial year have been supplemented through the transfer of the in-year service underspends, corporate surplus, loan charges underspending and the application of the service concessions fiscal flexibility, with Note 30 to the Financial Statements (page 97), highlighting that the Council holds usable reserves totalling £117.4 Million as at 31 March 2024.



As detailed at Note 30 to the Financial Statements, the significant majority of these resources are committed for specific purposes and can be summarised as follows:

- £12 Million is committed to support the application of fiscal flexibilities in relation to Service Concessions, which will result in the gradual release of these resources to deliver annual savings of £3.7 Million to be delivered.
- Agreed Commitments include £3.3 Million to support Affordable Housing, £1.7 Million to support costs associated with Additional Support for Learning, £2.3 Million to support Young Persons Employability measures plus amounts to support investment in Anti-Poverty/Cost of Living Initiatives, Schools Technology and Economic Recovery.
- £9.3 Million is being held in a Corporate Change Fund to support the delivery of change, savings and efficiencies over the upcoming period and a further £6.7 Million is held in a Budget Pressures/ Resilience Fund to support estimated inflationary increases in energy costs, additional investment and mitigation measures within Children and Families and provide some protection against the potential for further inflationary and budgetary pressures currently being faced by the Council.
- Unallocated General Fund Balances have been maintained at the agreed minimum level of 2% of annual planned expenditure which equates to £9.1 Million.
- £10 Million is being held to support the delivery of the Council's Medium Term Financial Strategy, with £8.1 Million of these resources committed to support the 3 year budget agreed by Full Council in February 2024.
- The Capital Fund includes the in-year transfer of resources associated with the application of the Service Concessions fiscal flexibility. Commitments include £21 Million for Roads Investment, £1.9 Million for enhanced investment in the Council's Fleet and support for the Capital Investment Strategy.
- £1.7 Million is held within the Repairs and Renewals Fund to support building safety repair and remedial works, planned preventative maintenance and the maintenance of our corporate systems.



Key Financial Indicators

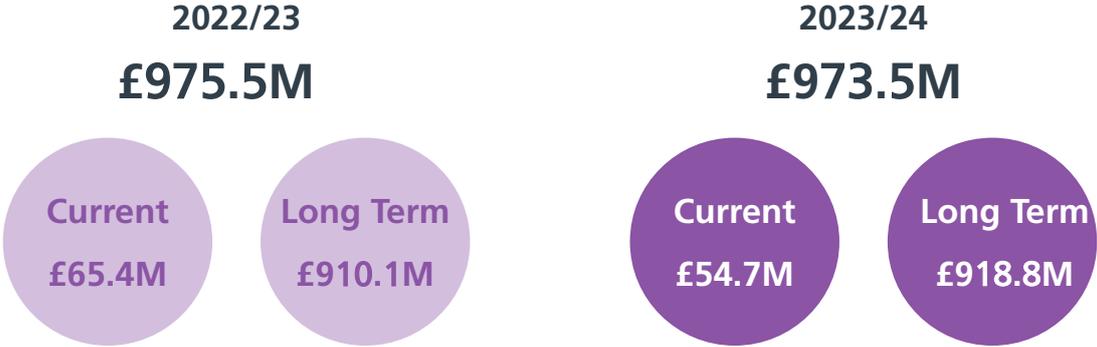
The following financial indicators are designed to assist the reader to assess the performance of the Council over the financial year.

Financial Indicator	Commentary	2023-24	2022-23
Reserves			
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Policy is 2% of annual expenditure which is considered appropriate in the context of the Council's financial and on-going risk profile. This is also a fundamental factor to the Council's Finance Strategy	2.00%	2.00%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its uncommitted General Fund Balance. There was no use of uncommitted general balances in 2023/24.	No Change	No Change
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic climate and its effect on the local economy.	96.7%	97%
Financial Management			
Actual Outturn compared with Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management.	99.8%	99.7%
Number of Invoices paid within 30 calendar days of receipt	Indicates how timeously the council is meeting its commitment to pay its suppliers within 30 days of receiving invoices.	97.3%	94.8%
Debt/Long Term Borrowing			
Loans Fund Interest Rate	Indicated the effectiveness of treasury management activities through showing the average cost of servicing the councils net debt	3.7%	3.4%
Ratio of Financing Costs to Net Revenue Stream	This is a measure of how affordable the Council's capital plans are. It shows the cost of annual borrowing repayments as a % of annual revenue spend.	5.6%	5.4%

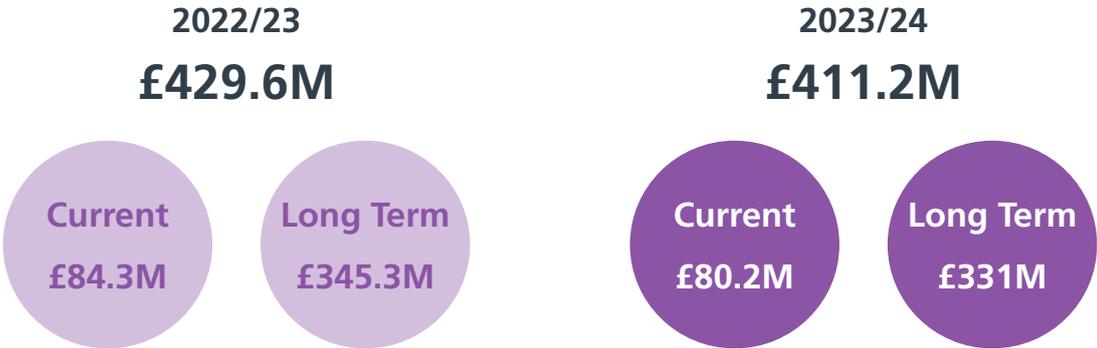
Balance Sheet Assets and Liabilities

The Balance Sheet represents a snapshot of Dumfries and Galloway Council's overall financial position as at 31 March 2024. It brings together the year-end balances of all Dumfries and Galloway Council's accounts and presents money owed to and by the Council, assets owned and the reserves at the Council's disposal. More information on its component parts can be seen in the notes to the Accounts.

Total Assets



Total Liabilities



Total Reserves



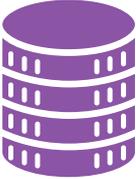
Unusable Reserves relate to revaluation gains or to hold adjustments to reconcile accounting and statutory adjustments. These reserves are not available to fund the day to day running expenses of the Council.

Details of Assets and Liabilities

Assets

<p>Cash and Cash Equivalents</p> <p>£21.7M</p> 	<p>Vehicles, Plant and Equipment</p> <p>£23.9M</p> 	<p>Infrastructure Assets</p> <p>£155.4M</p> 	<p>Other Land and Buildings</p> <p>£634.8M</p> 
	<p>Pensions Asset</p> <p>£68.2M</p>	<p>Other Assets</p> <p>£69.5M</p>	

Liabilities

<p>Borrowing</p> <p>£171.7M</p> 	<p>Finance Leases</p> <p>£97.7M</p> 	<p>Short Term Creditors</p> <p>£62.5M</p> 	<p>Other Liabilities</p> <p>£0.1M</p>
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Pension Liability

£79.2M



The Council has a net Pension Liability of £11 Million (£79.2 Million less £68.2 Million) at the end of the financial year. The pension asset reflects the actuarially assessed extent to which contributions to the Council’s pension fund are currently in excess of future liabilities, primarily due to the impact of recent increases in interest rates received on investments. The pension liability relates to the cost of enhancements to individuals pensions that are met by the Council, rather than the Pension Fund.

Financial Outlook and Principal Risks

The 2023/24 corporate outturn position represents a positive position for the Council from which to address the exceptional challenges facing the Council, including potential further reductions in Scottish Government funding support, increasing demands on Council Services and the ongoing impact of current inflationary increases on both pay and non-pay expenditure.

The ongoing development of the Council's Medium Term Financial Strategy will continue to review the Council's approach to addressing these challenges, with a view to minimising the utilisation of non-recurring resources required to support the budget over the upcoming financial planning period and returning to a balanced budget approach.

2024/25 Revenue Budget Plan

Full Council, at its meeting of 27 February 2024, agreed the Council's Revenue Budget 2024/25 (and the indicative revenue budget for the subsequent 2 financial years 2025/26 and 2026/27) alongside an updated the 10 Year Capital Investment Strategy. The key elements of the agreed budget include:-

- Increased investment in a range of priority areas including Roads Improvement, Cost of Living Support, Children and Families Social Work, Additional Support Needs Transport and Early Learning and Childcare.
- Savings of £6.5 Million for 2024/25 as part of a £21.1 Million 3-year savings plan.
- A freeze to council tax levels in 2024/25 in line with the Scottish Governments policy and indicative increases of 6 % per annum for each of 2025/26 and 2026/27.
- A requirement for the application of £6.5 Million of non-recurring resources to support the 2024/25 budget and an indicative plan/need to reduce the utilisation of non-recurring resources to £2.8 Million over the following 2 financial years, reflecting a move back towards achieving a balanced budget position.

10 Year Capital Investment Strategy

The development of a 10 Year Capital Investment Strategy is a key element in allowing the Council to develop large scale investment proposals over the medium term. The latest 10 year Capital Investment Strategy was agreed at Full Council in February 2024 and reflects total planned Council investment of £465.8 Million in a range of key initiatives, many of which will attract significant additional external funding from Scottish Government and other contributors. The projects being progressed include Dumfries Learning Town Phase 2, the Borderlands Inclusive Growth Programme, Newton Stewart Flood Protection Scheme as well as a £20.6 Million Roads Improvement Programme.

The agreed strategy also recognises the impact of construction cost, and wider, inflation on the cost of maintaining and developing the Council's roads, schools, other buildings, fleet and other assets and reflects increased inflationary funding to seek to maintain the value of ongoing investment in these areas.

Financial Risks

The key areas of financial risk across the Council are primarily associated with the extent of inflationary increases on pay and non-pay expenditure and increasing demand for services, particularly in relation to Children and Families Social Work and Transport for Children with Additional Support Needs. In addition, the ageing profile of the Council's Property and Fleet assets is placing increasing pressure on the associated repairs and maintenance budgets.

While the 2024/25 Agreed Budget includes provision to address the estimated impact of these demands and inflationary pressures over the upcoming period, the volatility of increasing demand and associated requirements continues to present a significant financial risk to the Council.

Negotiations on the 2024/25 Pay Award for both Teachers and SJC staff (non-teaching) are currently ongoing, with initial requests from the trade union reflecting an increase in excess of the 3% provision set aside within the agreed budget. There is therefore a significant financial risk that further funding may be required to support the pay deals once they are agreed.

In addition, it is anticipated that local government funding will continue to see a significant reduction in real terms resources – requiring councils to fund pay increases, increases in energy, fuel, food, and other spending impacted by inflation from within existing resources. The development of the Council's Medium Term Financial Strategy and Council Plan sets out the Council's approach to addressing these challenges, including the progression of significant change and savings measures over the upcoming period, with a gradually reducing utilisation of non-recurring resources to provide some protection to Council services in the immediate term while also moving towards a return to a sustainable balanced budget beyond the short term.

Plans to Address Principal Financial Risks

The Council has set aside funding to address budget pressures and the impact of increased inflation over the immediate term and has also developed a strategy to seek to manage these cost increases over the medium term (while recognising that the extent of cost increases remains volatile and difficult to accurately predict at this stage).

The availability of non-recurring funding set aside to support the Council's Medium Term Financial Strategy has provided the Council with a level of stability and has to date delayed the need for significant service change. In recognition that this approach is not sustainable over the medium term, the 2025/26 to 2027/28 Budget process includes measures to identify and progress more significant change and savings over the upcoming period to return to a sustainable balanced budget beyond the short term.

The Financial Strategy and the Capital Investment Strategy continue to be supported by underlying plans including the Treasury Management Strategy and Prudential Indicators which clearly set out the Council's borrowing and investment arrangements and guidelines for the day-to-day management of its cash flow activities within appropriate policies and procedures. The Council also has an agreed Procurement Strategy to ensure compliance with regulations and the achievement of value for money in the procurement of goods and services.

Principal Non-Financial Risks

The Council has a Corporate Risk Register which contains details of the 10 Council wide risks monitored, assessed and reported through Service Committees and the Audit, Risk and Scrutiny Committee. The principal non-financial risks contained within the risk register include Cyber Security, Climate Change and Workforce Capacity.

There are a number of key controls in place to mitigate each of the risks that have been identified, with additional planned actions currently being progressed to further mitigate areas of significant and future risk. This includes additional investment in the Council's technology infrastructure and perimeter controls to block unauthorised access to corporate resources in response to recent cyber security breaches in other public bodies. Measures in relation to Climate Change and Workforce capacity are highlighted on pages 20 and 21 of this document.

Acknowledgements

We would like to thank elected members and colleagues for their assistance and support throughout the year in maintaining and promoting a sound financial management and control framework. We would also like to thank all those staff whose efforts have contributed to the preparation of these accounts.

Pension Fund Annual Report and Accounts

Dumfries and Galloway Council is the administering authority for the Dumfries and Galloway Council Pension Fund and produces a separate Pension Fund Annual Report and Accounts. These are available on the Council's website.

Gail Macgregor, Leader

Dawn Roberts, Chief Executive

Gillian Ross, Interim Chief Financial Officer

21 November 2024

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Financial Officer.
- 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 Statement of Accounts.

I confirm that these Annual Accounts were approved for signature by the Audit, Risk and Scrutiny Committee at its meeting on 21 November 2024.

Signed on behalf of Dumfries and Galloway Council

Gail MacGregor, Leader

The Chief Financial Officer Responsibilities

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

In preparing this statement of accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and 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 local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2024.

Gillian Ross
Interim Chief Financial Officer
21 November 2024

Annual Governance Statement 2023/24

1. Scope of Responsibility

1.1 Dumfries and Galloway Council continues to monitor the effectiveness of the governance framework to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for properly. Since the last report the Council has continued to develop its monitoring and reporting of performance indicators and improved good governance practices. Dumfries and Galloway Council fully accepts the responsibility for ensuring that there is a sound system of good governance, supported through its Governance Framework which sets out Dumfries and Galloway's code of governance clearly to ensure the principles of good governance responsibility, accountability, awareness, impartiality and transparency are embedded.

1.2 Dumfries and Galloway Council's Governance Framework ensures that it complies with the requirements on the Role of the Chief Financial Officer in Local Government, contained in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 2010 Statement, and the Local Authority Accounts (Scotland) Regulations, the Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government ("the CIPFA/SOLACE framework").

1.3 Over the period of 2023-24 Dumfries and Galloway Council has continued to maintain focus on ensuring proper arrangements for governance are in place while seeking to build on the existing good governance practices. Dumfries and Galloway Council continues to facilitate effective exercise of its functions and strategic leadership by making sure the authority's purpose, vision and objectives are clearly communicated to both citizens and service users. Functions of the Audit, Risk and Scrutiny Committee are undertaken as identified in Audit Committees: Practical Guidance for Local Authorities.

1.4 The arrangements for the development of the Annual Governance Statement 2023-24 (AGS) were agreed at Audit, Risk and Scrutiny Committee in September 2023. These reflect the recommendations agreed on 17 December 2020 when Full Council agreed the Findings and Recommendations from the Finance, Procurement and Transformation (FPT) Committee's Review of Internal Financial Controls and Procurement Standing Orders. Recommendation 9 on the Annual Governance Statement included: the use of a Good Governance Questionnaire, greater oversight by Audit, Risk and Scrutiny committee on the development of the AGS and an opportunity for service committees to comment on their delegated areas to inform the final draft.

1.5 A self-assessment of the Council's governance practices was completed by Heads of Service and was designed to provide clarity and describe the actions, documents, strategies, policies, protocols and rigorous controls that are in place to support good governance across Dumfries and Galloway Council and assure its statutory compliance.

1.6 Dumfries and Galloway Council's Good Governance processes, protocols and practices include:

- Communicating clear strategic direction, vision, culture and values of Dumfries and Galloway Council;
- Ongoing and regular improvements in corporate systems, processes and internal controls;
- Continued commitment to engagement with and leading the community;
- Ongoing monitoring and review whether strategic priorities and outcomes have been achieved;
- Ensuring that services are delivered cost-effectively by reviewing our procurement standing orders and initiating a transformational programme for procurement;
- Maintaining and continually reviewing appropriate arrangements for the management of risk;
- Continued operation of the Integrity Group, established to:
 - Monitor and review the Council's Anti-Fraud and Anti-Corruption Policy and Strategy to ensure a continuation of best practice approach and benchmarking;
 - Appoint a Single Point of Contact for Police Scotland;
 - Refresh and improve the Council's whistleblowing policy
 - Improve the Council's mechanism for investigating fraud, corruption and financial irregularity for breach of procurement and Standing Orders.

1.7 The Council assures its operational activities conform to the Governance Principles by implementing clear strategies and policies, the adherence of which are captured through performance monitoring tools to ensure each service is demonstrably striving to meet its service commitments set out in the Service Plans and Council Plan. The Council's use of such monitoring tools acts as self-verification to not just monitor performance progress on activities, projects and particular commitments, but also to measure, monitor and report on key performance requirements and conformity with the Council's Financial Regulations and ensure all required activities have been actioned, lessons are learnt, and any required financial impacts and budget measures are scrutinised, follow up actions are implemented, monitored and reviewed. Each Service reports on its Service Plan performance twice yearly to the relevant Service Committee for scrutiny. Any recommended actions following such scrutiny is captured through the Action Tracker which requires regular input and update

2. The Governance Framework

2.1 The Governance Framework comprises the systems and processes, culture and values which direct and control Dumfries and Galloway Council's activities and through which the Council accounts to, engages with, and leads the community.

2.2 The Governance Framework also enables the Council to monitor achievement of the Dumfries and Galloway Community Planning Partnership outcomes of which are set out in the region's new Local Outcomes Improvement Plan.

2.3 Dumfries and Galloway Council's governance arrangements are reviewed and reported in accordance with statutory requirements and under a framework and guidance for Scotland called "Delivering Good Governance in Local Government" (CIPFA, 2016). The Council's Local Code of Corporate Governance was agreed in 2019 and provides details of our key documents, policies and evidence which support our Governance Framework.

2.4 The Local Code adopts the seven core principles from the framework:

- Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity. Including the capability of leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.5 These principles are broken down into sub-principles which facilitates a focused evaluation of each element of our Local Code.

2.6 The Council adopted the Council Plan setting out the principles, themes, strategic outcomes and core behaviours (these behaviours are included within our People Strategy). Further to this, the Council agreed a Council Plan Annual Delivery plan for 2023-24.

2.7 In October 2023 the Council agreed a number of proposals to reshape and realign the Council's Chief Officer structure based on a one-Council approach to ensure the organisation is best placed to achieve the ambitions of the Council. The Reshaping Review of the Chief Officer structure sought to build on the significant strengths across the leadership team and find solutions to improve the alignment and balance of services to deliver the Council Plan 2023-28.

2.8 The proposals were designed to align strategic leadership towards a one-Council approach, to remove functional boundaries, to create an enabling services culture to support the delivery of outcomes, to create a renewed focus on customers and to ensure the Council's approach to technology supports an improved customer experience. The agreed proposals will help meet future challenges, building on the Council's ability to manage change, collaborate with partners, develop our workforce, and build a culture where collaboration and empowerment is at the heart of what the Council does.

2.9 In order to successfully deliver a reshaped and realigned Council, able to deliver the Council Plan 2023-28 there are nine areas of strategic focus for the Council's Chief Officers over the coming years:

- Driving delivery in line with our key plans, avoiding drift and delay, managing risk, and demonstrating impact and outcome
- Financial sustainability through sound options appraisal, innovation, and creativity, and supporting Member decision making
- Consistent and quality customer experience, through modern and efficient services
- Developing our strategic relationships with national and local bodies, be outward looking and able to influence on the national stage
- Creating our "one-Council" culture
- Supporting the workforce to thrive, bringing vision, clarity and understanding, developing a sustainable and flexible workforce for the future
- Strong and effective governance and financial management as core foundations for the Council
- A clear focus on our communities and their ambitions, and how we can enable and support them to thrive, with a particular focus on models of early intervention and prevention
- Strong and coherent enabling services that support delivery of our strategic outcomes and principles

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2.10 Following the decision regarding the reshaping of the Chief Officer Structure, the Scheme of Administration and Delegation to Committees and Scheme of Delegation and Responsibilities to Officers and Statutory Appointments were reviewed and amended to be in alignment with the reshaped structure.

2.11 The Council and the local Health Board have chosen to delegate to the Dumfries and Galloway Integration Joint Board (IJB) a number of functions relating to health and social care. The Integration Scheme between Dumfries and Galloway Council and NHS Dumfries and Galloway is the legally binding agreement between the two organisations that lays out what these two organisations do to enable the IJB to meet its responsibilities.

2.12 The IJB is made up of voting Members from the Dumfries and Galloway Council and NHS Dumfries and Galloway. Representation is also present from local medical services, Dumfries and Galloway Council Social Work, staff representation from Dumfries and Galloway Council and NHS, a representative from Scottish Care, the third sector, a workforce advisor appointed to the IJB, a nursing director, unpaid carers, a Chief Finance Officer appointed to the IJB, a governance officer, Director of Public Health and a service user representative to ensure as full representation as possible ensuring arrangements for integrating health and social care are established to improve outcomes for patients, service users, carers and their families. The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health Boards and Local Authorities to work together effectively to agree a model of integration to deliver quality, sustainable care services and the Dumfries and Galloway IJB strives by working in the spirit of partnership to achieve this whilst adhering to clear governance remits set out in the Scheme.

2.13 In line with Section 44 of the Public Bodies (Scotland) Act 2024, the Council and NHS Dumfries and Galloway was required to carry out a review of the Integration Scheme. This review commenced in December 2022, with a revised Integration Scheme being approved by the Council for submission to Scottish Ministers in December 2023. Changes to the Integration Scheme were:

- Ensure that the Integration Scheme is current and up to date.
- Provide greater detail and clarity with regard to the role of the Integration Joint Board Strategic Planning Group;
- Clarify further the governance arrangements that exist between the Integration Joint Board and the Council and the NHS Board;
- Reflect the current governance structural arrangement the Integration Joint Board now have in place with the recent revision of their 'Scheme of Delegation';
- Highlight the relationship between the Integration Joint Board, the Council, the NHS Board and the Third and Independent sectors as delivery partners.
- Reflect the current 7 Strategic Commissioning Intentions of the Integration Joint Board; and
- Update the performance section of the Integration Scheme to reflect the arrangements set out in the recently revised Performance Management Framework.

2.14 The Council also strives to ensure full and regular engagement with all of its statutory, business and third sector partners to ensure the continuation of effective working with its business partners using established governance structures, protocols and proper protective measure controls with both our statutory and local business partners while always working within the spirit of partnership A list of our statutory and local partners, in addition to other organisations we engage with, can be found in Appendix 1.

2.15 The Council strives to develop and improve its Governance Framework as an ongoing directorate wide activity and seeks to develop new policies, plans, and strategies to ensure that the Governance Framework is robust and aligned with the Council Plan and Principles. New policies, plans and strategies introduced in 2023-24 include:

Digital Strategy Implementation Plan; Early Retirement Policy; Supporting our People through Menopause Policy; New web Platform for Customers; Updated Financial Regulations; Medium Term Financial Strategy; Budget Process; Fees and Charges Framework and Principles; Disposals and Acquisitions Policy and Procedures Update; Local Place Plans Policy and Process; Shared Prosperity Fund Delivery Plan; Waste and Recycling Strategy; Housing Options and Homeless Service Strategy; Development of a Burial Ground Strategy; Education Improvement Plan 2023 – 2027; Framework for Inclusion; Framework for Improvement; Annual Status and Options report for roads infrastructure asset management; Various 2023 Communities Committee reports considering and agreeing the additional spend of £30m over 5 years allocated to the Roads Service in the Feb 23 Budget; Updated Local Outcomes Improvement Plan for 2023 - 2033 (this is a Community Planning Partnership plan); Curator ad Litem Scheme; Polling Places Review; Standardised Grant Funding Agreements; Local Place Plans Policy; and Process Local Heat and Energy Efficiency Strategy; Service Plans for all Council Services.

3. Governance Principles

3.1 Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

3.1.1 Dumfries and Galloway Council ensures that staff are fully aware of the Council's duties, powers and obligations and ensures it continues to foster a culture of integrity and responsibility. This awareness encourages staff to act in an ethical manner, with senior leadership ensuring this behaviour is thoroughly embedded in service cultures.

3.1.2 Acting in accordance with the rule of law is a fundamental principle of the Council to ensure it acts not just within the public interest, but to demonstrate accountability and integrity. Council Services actively ensure that they operate and deliver for the public in a manner consistent with the rule of law by undertaking proper engagement with the Legal Service when appropriate, by seeking out requisite professional training, by adhering to government guidance and professional body advice and ensuring the recruitment of suitably qualified and experienced staff.

3.1.3 Council Services have structured processes in place to ensure compliance with this principle, with all services frequently reviewing processes to ensure they remain fit for purpose. The Council utilises specialist software to enable and ensure consistent and frequent review of corporate governance compliance is captured, maintained and monitored.

3.1.4 The 9 principles of public life are demonstrated and embedded in Service Plans.

3.1.5 Evidence that staff are aware of their relevant duties, powers and obligations are ensured by the Directorates through the continued monitoring and review of Council Policies and Strategies.

3.1.6 Examples of the Council's measures undertaken by the Council to reinforce its commitment to behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law can be found in Appendix 2.

3.2 Principle B – Ensuring openness and comprehensive stakeholder engagement

3.2.1 All meetings of Dumfries and Galloway Council and its Committees are open to the public unless there are reasons for not doing so due to confidentiality concerns. Council meetings are recorded and available to the public, enhancing the openness of the Council. All decisions taken by the Council and its Committees are available to the public, with reports and minutes published detailing the grounds on which decisions are taken.

3.2.2 All Council Services engage with stakeholders and take part in consultations, with Dumfries and Galloway Council's Community Participation and Engagement Strategy providing guidance on how the Council can engage with communities to improve and sustain services. Our Community Participation and Engagement Framework provides for a range of approaches to meet the needs of our stakeholders including:

- Community Conversations – in person and/or online
- Ward Events – in person and/or online
- Surveys
- Stakeholder Impact Assessments
- Participatory Budgeting
- Participation Requests
- Participation and Engagement Network

3.2.3 Our website details current and recent consultations; feedback from the engagement activity; and each engagement programme is required to complete an Evaluation Report at the end to ensure that there are lessons learned for the future.

3.2.4 Officers from across all Services undertake nationally accredited training to ensure there is consistency and a high standard of competence in our engagement activity.

3.2.5 We also have specific Strategies and Frameworks for targeted groups and subjects including the Youth Participation and Engagement Strategy, the Parental Involvement Strategy and the Climate Change Citizens Panel.

3.2.6 Robust processes and procedures are in place to ensure that feedback (both positive and negative), is captured and responded to timeously, within the time frame and in full accordance with our feedback and complaints handling procedures. Specialist software, structured processes and regular service specific reviews

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ensure that improvements are identified, captured and implemented and all services monitor the same to ensure they continue to remain effective, appropriate, relevant and up to date in order to serve current needs.

3.2.7 Various engagement tools and measures are utilised to ensure openness and comprehensive stakeholder engagement and examples can be found in Appendix 2.

3.2.8 To ensure that feedback, including complaints, are captured and improvements are implemented the methods used by Council Directorates are:

- Identifying improvement actions in service and business plans;
- Including interactive options on the Council's website;
- Carrying out impact assessments;
- Conducting and participating in consultation processes;
- Exception reporting;
- Performance reporting;
- Forward planning and horizon scanning;
- Customer focussed apps;
- Rigorous freedom of information and complaint handling procedures;
- Team meetings, 1 to 1's, Performance and Development Review (PDR) processes, and other Human Resources (HR) processes;
- Internal and external customer satisfaction and staff surveys;
- Internal communications;
- Global local;
- Attendance at wider public sector forums such as SOLACE/SOLAR;
- Direct engagement with Scottish Government on specific matters;
- Direct engagement with Members of the Scottish Parliament;
- Direct engagement with Elected Members through the Council's EMES service (Elected Member's Enquiry Service);
- Identifying complaints and feedback through partnering networking with the IJB, NHS, SPA etc;
- Ongoing professional development and engagement with governing professional bodies;
- Scottish Assessors Association reporting on key activities and outcomes;
- Maintenance of the Comprehensive Contracts Register;
- Catch up sessions with key solicitors and key clients to ensure good horizon scanning and early intervention and prevention.

3.3 Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

3.3.1 Following the Local Government Elections in May 2022, Dumfries and Galloway Council agreed a new Council Plan for 2023-28, which defines the Council's strategic outcomes, themes, vision and principles. In addition, the Council agreed the Council Plan Annual Delivery for 2023-24, detailing actions relating to each Strategic Outcome, the relevant Lead Committee and Lead Chief Officer. This approach will support the Council to demonstrate transparency in the delivery of the Council Plan. Service Plans were subsequently developed and agreed by Elected Members over the course of 2023-24, detailing the specific actions from the Council Plan Annual Delivery report that each service has responsibility for. All of these plans are available to the public, Elected Members and other stakeholders through the Council's website and which are reviewed annually. These outcomes demonstrate clear vision and remit, management and monitoring of Key Performance Indicators (KPIs), key project monitoring tools and forward planning to ensure alignment with the Council's budget, principles, priorities and other relevant plans, policies and strategies.

3.3.2 The Council is fully cognisant of the long-term nature and impact of decisions and ensures that it takes care to define and ensure outcomes which further the organisation's purpose deliver economic, social and environmental benefits. Services utilise a variety of methods to develop and define outcomes within their service plans, such as ensuring statutory provision is met, direction from the Scottish Government is recognised, ward working arrangements are effective and impact assessments and stakeholder engagement are realised.

3.3.3 Examples of how the Council defines outcomes in terms of sustainable economic, social and environmental benefits can be found in Appendix 2.

3.3.4 Dumfries and Galloway Council ensures that service plans, strategies and policies clearly demonstrate:

- The principle of SUPPORT;
- Clear vision and remit;
- Defined outcomes;
- Business continuity planning;
- Resilience and succession planning;

- Alignment with the Council's budget, plans, priorities and objectives;
- Alignment with the twelve principles set out in the new Council Plan;
- Reflect the 9 principles of public life;
- Alignment with economic, social and environmental policies;
- Forward planning and horizon scanning;
- Management and monitoring of service KPI's and project progress;
- Identification and management of risk;
- Identifiable sustainable outcomes;
- Customer focussed actions and solutions;
- Service options and links to corporate objectives;
- Identification and management of conflicting needs;
- Training requirements and plans to deliver training;
- Financial impacts and budget pressures;
- Clear operational controls and service protocols.

3.3.5 The Council ensures it follows up actions affecting service delivery and decision making by the use of the Committees Action Tracker allocating actions to an identifiable owner making use of software (Pentana) to track project targets and achievements as well as ensuring all actions are captured appropriately in PDR's and 1:1's.

3.3.6 The Council seeks to maximise its own budgets for capital investment in economic and place-based programmes from external sources. It is a partner in the Borderlands Inclusive Growth Deal and is working towards the confirmation of significant capital investments through the Deal across multiple projects up to 2031.

3.3.7 In the more immediate period the Council has had particular success in the past year in securing investments through the UK Levelling-Up Fund and the Scottish Government Regeneration Capital Grant Fund (RCGF). Levelling-Up funding has been secured for the Stranraer Water Sports Hub (£4.7M), the George Hotel restoration, also Stranraer (£7.8M) and in Dalbeattie the Rocks and Wheels Centre (£5.2M). From RCGF £2.8M has been secured for the restoration of the Lockerbie Old School as a community and wellbeing hub. It is anticipated that following the conclusion of a validation process that by the end of 2023/24 further LUF investment will be confirmed for Annan Harbour regeneration (£11.8M) and for a series of projects as a collective LUF Transport Programme of £13.7M.

3.3.8 Following the Council's declaration of a Climate Emergency, a Climate Emergency Officer Working Group and a Cross Party Working group were established, both of which are pivotal to the delivery, monitoring and support of the Council's net zero ambition.

3.4 Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

3.4.1 Dumfries and Galloway Council is committed to delivering intended outcomes for the people of the region by focussing on the key themes and strategic outcomes contained in the new Council Plan. The new Council Plan sets out how it intends for services to be planned and delivered. It is a fundamental principle of Dumfries and Galloway Council that decision makers are provided with complete analysis of options and where necessary and appropriate, impartial advice from specialist officers is available in order for decision makers consider and make informed decisions. The Council continuously monitors and reports on performance, and such are made available to the public. Risk management techniques, project management tools and lessons learnt exercises together with appropriate impact assessments and budget monitoring enable the Council to amend its procedures and approaches to ensure intended outcomes are achieved.

3.4.2 All committees and sub-committees are supported by Legal Services, Governance officers and other service experts such as HR and Planning, to provide additional advice and support.

3.4.3 Benchmarking, engaging with other organisations and option appraisals enable Dumfries and Galloway Council to design services to deliver best value for the people of the region, and to ensure intended outcomes are achieved.

3.4.4 Examples of how the Council determines interventions to optimise the achievement of intended outcomes are more specifically listed in Appendix 2.

3.5 Principle E – Determining the entity's capacity, including the capability of its leadership and the individuals within it

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3.5.1 The Senior Leadership Team of Dumfries and Galloway Council consists of the Chief Executive, three Directors (of Communities, Economy and Resources and Skills, Education and Learning), the Chief Social Work Officer, along with the Section 95 Officer (Head of Finance and Procurement) and Monitoring Officer (Head of Governance and Assurance). This team meets on a weekly basis to provide strategic oversight of the Council. The Council Management Team, consisting of the Senior Leadership Team and Heads of Service meet every two weeks to discuss and provide oversight of Council services, address any immediate concerns or developments within the administrative area and any national impacts. The Chief Executive communicates with staff through a monthly email providing an update on various subjects.

3.5.2 Dumfries and Galloway Council ensures that the appropriate people, with the right skills, qualifications and experience are appointed to ensure effective operation and delivery of services. The Council ensures that all staff are appropriately qualified, capable and have the capacity and necessary skillset and experience to carry out their roles. This is achieved through job descriptions specifying relevant qualifications, the provision of mandatory training for all staff on key roles and regular reviews to ensure staff maintain requisite qualifications and continued performance development to ensure robust decision-making protocols are consistently applied and provide resilience.

3.5.3 Dumfries and Galloway Council manages its workforce to ensure optimal service capacity through its service planning and by application of the Council's People Strategy 'Developing our people developed by the Council and designed to deliver the following outcomes:

- Providing a positive experience
- Engaging our people;
- Supporting our people;
- Recognising good performance and;
- Creating a positive one team culture.

3.5.4 Vacancies are continuously monitored, and where this results in pressure on service delivery, decisions are taken on prioritisation and alternative resources. Where there is a service impact, the adjusted rate of delivery on services and projects is in part mitigated through additional consultancy/agency resources, prioritisation based on individual need and community safety and bespoke recruitment campaigns.

3.5.5 The Council continues to take advantage of national funding intended to appoint strategic appointments and internships.

3.5.6 Solicitors attend SOLAR to ensure the Council's legal approach is consistent with the approach taken by other Local Authorities in-house legal services, and participate on national legal consultancy groups.

3.5.7 To improve the capacity to deliver outcomes for the region, the Council continues to engage with a wide variety of external organisations as identified by Audit Scotland's Report on the Governance of Partnerships.

3.5.8 Examples of how the Council determines and seeks to improve the entity's capacity, including the capability of its leadership and the individuals within it can be found in 3.5.9-10 below and in Appendix 2.

3.5.9 Employee Engagement – The Council strives to ensure that employees are engaged. The Council's employees are both valued and treated as a fundamental resource to be valued. The Council is committed to providing its employees with a voice through its annual supportive conversations programme, The Council conducted a People Survey in June 2023 and communicated the results to its employees on 7 December 2023. The Council has developed its three-year Employee Engagement Framework and People Survey Action Plan. The aim of the action plan was not only to inform the development of the Council's Employee Engagement Framework, but more importantly to demonstrate to its workforce that it has listened to employees, and detail what action is being taken as a direct result of their feedback.

3.5.10 Leadership and Management Development - The Council is committed to leadership and management development. The Council holds two leadership events per year where approximately 100 leaders and managers come together to actively work and learn together in supporting communities with delivering the Council Plan. The Council has also developed a Leadership Development Framework that incorporates leadership development accredited programmes in partnership with Chartered Management Institute (CMI). This framework also supports 'growing our own' leaders and managers through a leadership development hub accessed in our My Learning platform, this hub is open to all, to support career progression through different levels of the Council. Educational Leadership and Management is developed and supported through the annual Introducing School Leadership Programme, recruitment to the Into Headship programme, the ongoing induction programme for school leaders and the support and challenge for Headteachers in their role, all of which are underpinned by the GTCS Standards for Headship and Middle Leadership.

3.6 Principle F – Managing risks and performance through robust internal control and strong public financial management

3.6.1 The Council rigorously conforms to its Financial Regulations and Codes, the Capital Investment Strategy, Capital Revenue Reporting, the Scottish Government Public Sector Finance Manual, Audit Scotland Guidance, CIPFA Guidance, Scottish Government Guidance, Dumfries and Galloway Council's Budget Development Process, reference to the Finance, Procurement and Transformation Committee as and when required, political scrutiny the budget setting process, use of software (Integra), application of Anti-Fraud and Anti-Corruption Policy Statement and Strategy, benchmarking and best practice techniques, engagement with auditors and financial advisors and national strategies among other techniques and controls.

3.6.2 The Council has implemented a robust risk management protocol which has continued to be further developed in 2023-24 in the form of a wider Corporate Risk Management Group which captures high risk matters and enables thorough scrutiny, from both Elected Members and officers. A benchmarking exercise undertaken via the national Chief Audit Officers peer group has demonstrated that the risk themes identified by the Council are in line with those identified by other local authorities. Risk management software designed to effectively manage a risk register together with rigorous internal controls allow for healthy inquiry and analysis.

3.6.3 Council services manage their own service risk registers, and key risks are escalated to the Council's Risk Management Group for capture on the Corporate Risk Register. The Risk Management Group identifies, monitors and reviews key risks within the corporate risk register. Corporate risks reviewed by the Risk Management Group are then reviewed by the Senior Leadership Team and Council Management Team and thereafter by the Audit, Risk and Scrutiny Committee. Service risks and key corporate risks are encapsulated within the risk registers and regularly monitored and updated.

3.6.4 The Council has robust internal controls in place, ranging from Council wide controls such as the Scheme of Administration and Delegation to Officers, Financial Regulations and Codes, to service specific controls. All staff are subject to management supervision, receive mandatory training where appropriate and are required to comply with Council policies and procedures. Services regularly review arrangements to ensure robust internal controls and risk management assure their effectiveness.

3.6.5 Dumfries and Galloway Council in 2023-24 has continued to operate an Integrity Group to monitor functions, complaints, financial risks, information and anti-fraud and corruption. The protocols and procedures for monitoring and managing the same are rigorously reviewed and updated.

3.6.6 The Council has clear whistleblowing policy on receiving and investigating complaints from the public, and such is accessible through the Council's EthicsPoint hotline. Both staff and members of the public can raise serious issues anonymously through the use of EthicsPoint.

3.6.7 The Head of Finance and Procurement is the authorised Proper Officer (S.95 Local Government (Scotland) Act 1973) for the administration of Dumfries and Galloway Council's financial affairs and his role is outlined in Dumfries and Galloway's Scheme of Delegation to Officers. The Head of Finance and Procurement is a member of the Council Management Team.

3.6.8 Dumfries and Galloway Council has an appointed Monitoring Officer with two Deputies, who act when the Monitoring Officer is absent from the office or considers there is a conflict of interest. In carrying out any enquiries, the Monitoring Officer has unqualified access to any information held by the Council and to any employee who can assist in the discharge of the Monitoring Officer's functions.

3.6.9 Dumfries and Galloway Council is subject to regular audit and inspection through a number of external scrutiny agencies acting on behalf of the Scottish Government. The Accounts Commission, whose role is to hold councils to account in Scotland, appoints external auditors to undertake a detailed annual review of the Council's annual financial statements and assesses the effectiveness of financial management, the use of resources to improve outcomes and leadership and governance arrangements. The findings of the most recent audit process, and the resultant Action Plan, were reported to the Audit, Risk and Scrutiny Committee at its meeting of 3 November 2023.

3.6.10 In addition, once every five years, the Accounts Commission arranges for the Council to be subject to a wider report focussing on Best Value considerations. The most recent Best Value Review was undertaken in 2023 with the findings and resultant Action Plan reported to Full Council at its meeting of 28 March 2024.

3.6.11 Audit and inspection of specific areas of Council activities are also subject to external regulation and review through bodies including the Care Inspectorate and Education Scotland.

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3.6.12 Examples of Dumfries and Galloway Council measures to manage risks and performance can be found in Appendix 2.

3.7 Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.7.1 The Council publishes all committee reports and minutes (except those where confidentiality is a concern in which case such may be reported as exempt items), which are available to members of the public. Committee times are published well in advance and are livestreamed, which ensures that decisions are made in an open and transparent environment. Recordings of meetings are made available for viewing.

3.7.2 The Council has report writing guidance, as well as a Communications Strategy to ensure effective communication, and part of the Council's project management procedures includes a communications plan. Dumfries and Galloway Council's communications, reports and other documentation are designed to be fair, balanced and presented in a manner understandable to the intended audience. Services aim to use plain English, with limited use of jargon (where possible) when dealing with members of the public. Committee reports are presented in a standardised template, which was renewed in 2023, with training being delivered by the Governance Team to report authors. This template ensures a uniformity of presentation across all Committees, whilst allowing flexibility for officers in presenting information. Communication approaches and reporting styles are regularly reviewed.

3.7.3 The Council responds to the findings and recommendations of Internal Audit and External Audit, and other professional bodies and ensures corrective actions are taken where required.

3.7.4 Examples of how the Council implements good practices in transparency, reporting and audit to delivery effective accountability can be found in Appendix 2.

3.7.5 The Council ensures it follows up requests for changes, actions arising from earlier decisions and other risks to ensure no matters are outstanding by:

- Implementation of a Committee Action Tracker;
- Allocating actions to an identifiable owner;
- Use of software (Pentana) to track project targets and achievements;
- PDR's and 1:1's;
- KPI monitoring and management.

4. Update on Improvement Actions identified in the 2022-23 Annual Governance Statement

Throughout the development of the Annual Governance Statement 2022-23, Council services were consulted with to assist in the identification of improvement actions and the updates on these actions are noted below:

Improvement Action	Update
Training requirements across several Governance Principles have been identified and which will be taken forward and supported through the People Strategy	The Council has developed a Council Workforce Plan and a People Plan, which will support staff learning and development to ensure that the Council has a workforce in place to support the delivery of the Council Plan
Further development is required to ensure written delegated authority procedures for authority delegated downwards is in place, and a process will be developed going forward	This will continue to be developed and a process will be developed for this by the end of 2024/25
A legal guidance note for UK Subsidy Level Controls is to be developed and circulated	This is being developed and will be circulated by the end of 2024/25
Additional training requirements on the best use of Dumfries and Galloway's software tools and other processes has been identified by some Services and will be addressed for the forthcoming year	The Council has developed a Council Workforce Plan and a People Plan, which will support staff learning and development to ensure that the Council has a workforce in place to support the delivery of the Council Plan
It had been identified in 2021/2022 that staff organisation wide required more training on procurement practice, protocols and policy and this has recently been delivered over a course of two	Complete

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training days to service managers across Dumfries and Galloway	
Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) training will be delivered to appropriate Council staff in the summer of 2023	RIPSA training was delivered in May 2023 to appropriate staff
The Common Good and Trusts Register is undergoing improvement and development	This project is ongoing and will report to Committee by the end of 2024/25
Dumfries and Galloway's Digital Strategy Programme is currently in process	The Economy and Resources Committee receives 6 monthly updates on the Digital Strategy Implementation Plan
A review of the Dumfries and Galloway Council and NHS Dumfries and Galloway Integration Scheme is to be carried out 2023/2024	The final draft of the refreshed Dumfries and Galloway Health and Social Care Integration Scheme was approved by the Council in December 2023, alongside approval to submit the final draft to Scottish Ministers
Governance and Assurance shall progress a review of the Schemes of Delegation and Member-Officer Protocol during 2023/2024	A review of the Schemes of Delegation to both Committees and Officers took place in accordance with the Reshaping Review of Chief Officer Structure, with the resulting refreshed Schemes of Delegation being agreed by Council in March 2024 The Member-Officer Protocol was review was carried out, with Council agreeing the updated Protocol in October 2023
Governance and Assurance will carry out a review of the Local Code of Corporate Governance during 2023/2024	This will continue to be reviewed in 2024-25

5. Future Improvements and Next Steps

Improvement Actions
Further development is required to ensure written delegated authority procedures for authority delegated downwards is in place, and a process will be developed for this by the end of 2024/25
A legal guidance note for UK Subsidy Level Controls is to be developed and circulated in 2024/25
The Common Good and Trusts Working Group is continuing to improve and develop our Council's approach to Common Good and Trusts and is expected to report to Committee in 2024/25
Governance and Human Resources will complete a review of the Local Code of Corporate Governance by the end of 2024/25

6. Review of Effectiveness

6.1 The Council continuously reviews the effectiveness of its governance arrangements. Senior Management arrangements have been strengthened with the strategic focus placed on the Senior Leadership Team (Chief Executive, three Directors, the Chief Social Work Officer, Head of Governance and Assurance (Monitoring Officer) and Head of Finance and Procurement (Section 95 Officer)) which meets weekly, and the Corporate Management Team (consisting of the Senior Leadership Team and all Heads of Service) with additional senior officers participating as and when required meet on a fortnightly basis. Executive/Service Directors have a responsibility to ensure their own governance arrangements are adequate and operating effectively. In line with the CIPFA/SOLACE framework, each Executive/Service Director is required to make an annual statement confirming that this is the case. For 2023/24, these Executive/Service Director disclosures confirm the adequacy and effective operation of corporate governance arrangements and financial controls.

6.2 The agendas of these management groupings during 2023/2024 covered all aspects of the Council's corporate arrangements including the Council Budget, capital investment, roads improvement and included representation from property; business planning; health and safety; and participation from officers involved in key strategic projects and programmes.

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6.3 The Risk Management function within Dumfries and Galloway Council is responsible for maintaining the Council's Risk Management framework and through the Council Risk Management Group scrutinises Council Wide Risk, the interdependencies between Service level Risk and Council Wide Risk, mitigations and risk management approaches such as Business Continuity as well as horizon scanning for emerging Risks.

6.4 The Risk Management Group reports to Council Management Team and further provides Elected Members opportunity to scrutinise Council Wide Risks through regular reporting to Audit, Risk and Scrutiny Committee.

6.5 The Internal Audit function within Dumfries and Galloway Council is responsible for independent appraisal of the Council's systems of internal control. The internal audit team works to obtain sufficient, relevant and reliable evidence to support a conclusion on the adequacy and effectiveness of the Council's internal control systems, additionally, the internal audit team further meets its remit by assisting Services to consider their control environment and by supporting the development of risk management in the Council. In identifying priorities for internal audit activity, the nature and value of financial transactions is a factor, but the maintenance of public confidence in the Council's financial arrangements is equally important. The audit plan therefore sought to strike a balance across the full range of activities that the Council is involved in, while prioritising the main financial systems.

6.6 Internal Audit communicates its findings through reports to operational management. These reports are also reviewed by the Audit, Risk and Scrutiny Committee particularly in respect of the effectiveness of Internal Audit's work and the adequacy of management's response. The recommendations in Internal Audit's reports are tracked and reported through to completion to provide assurance that necessary control improvements have been implemented by management.

6.7 An External Quality Assessment (EQA) of Internal Audit was carried out by Midlothian Council's Internal Audit Service during 2023/24 and the report was presented to the Audit, Risk and Scrutiny Committee in June 2024. The report highlighted that the overall conclusion of the external assessment was that the council's Internal Audit function 'partially conforms' with the PSIAS and contained nineteen recommendations for improvement, of which twelve are addressed to the Internal Audit Manager and seven to senior management in the council. The Internal Auditor Manager and senior management agreed to address the recommendations for improvement (where applicable) contained within the report and progress on the action being taken will be reported to the Audit, Risk and Scrutiny Committee on a regular basis

7. Conclusion

On the basis of the review of governance arrangements for 2023/2024, it is confirmed that the Council:

- Is committed to and will focus on the new Council Plan;
- Continues to work with its partners to deliver shared outcomes for its citizens and customers, notwithstanding a challenging budget environment;
- Continues to demonstrate and improve on the principles of good governance in the behaviours of its Elected Members and Officers;
- In consultation with local people it has made informed and transparent decisions which are subject to effective scrutiny;
- Has managed its risks effectively;
- Has responded appropriately when performance has not been adequate;
- Has made good progress in the Best Value Assurance Report Improvement Plan;
- It has ensured Elected Members and Officers have the capacity and capability to deliver its purpose effectively.
- The use of the Good Governance self assessment questionnaires has illustrated that generally the governance practices across the organisation are good.

The Council confirms that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

Internal Audit issued their annual assurance report to Audit, Risk and Scrutiny Committee in June 2024. This concluded that generally sound systems of governance and internal control were in place at the council during 2023/24 but that some issues and areas for improvement were identified through internal audit work which put at risk the achievement of operational objectives.

The annual assurance report highlighted that the Internal Audit Manager had a lead role for risk management until April 2023 and is unable to provide an independent assurance on the risk management arrangements in

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place. Members received a report on the Council's risk management arrangements in February 2024 and agreed the adequacy of those arrangements.

We are therefore satisfied that the Council has in place appropriate arrangements for the governance of its affairs and that reasonable assurance can be placed on the adequacy and effectiveness of the Council's corporate governance systems in the year to 31 March 2024.

Signed:

**Gail MacGregor, Leader
Dumfries & Galloway Council**

**Dawn Roberts, Chief Executive
Dumfries & Galloway Council**

Appendix 1
National, Statutory and Local Partners and Organisations

Individual Services work with a wide range of organisations and partners such as:

- Association for Public Sector Excellence
- Audit Scotland
- Borderlands Partnership
- Community Councils
- Community Planning Partnership
- Convention of Scottish Local Authorities (COSLA)
- Historic Environment Scotland
- Local Community Groups/Organisations
- Local Resilience Partnership
- National Health Service
- Police Scotland
- Public Health Scotland
- Public Protection Partnership
- Regional Economic Partnership
- Registered Social Landlords
- Scottish Environment Protection Agency (SEPA)
- Scottish Fire and Rescue Service
- Scottish Government
- Scottish Natural Heritage
- Scottish Qualifications Authority
- Scottish Water
- South of Scotland Enterprise
- SportScotland
- Transport Scotland
- UK Government
- VisitScotland

Officers contribute to a wide range of professional bodies including:

- Association of Local Authority Risk Managers (ALARM)
- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Society of Local Authority Chief Executives (SOLACE)
- Society of Local Authority Lawyers and Administrators in Scotland (SOLAR)

Appointments to Outside Bodies – any Member appointment to an Outside Body requires a lead support officer to be identified; the constitution and basis of the appointment to be clear before any appointment is made; and an annual report to be submitted.

We have a strong relationship with the Dumfries and Galloway Youth Council having an annual joint meeting between the Council and the Youth Council and Youth Councillors being non-voting members of Area Committees and some service Committees.

Appendix 2

The Good Governance Questionnaire generated the following examples of good governance practice

Examples of the Council's commitment to behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law (Principle A):
We have hierarchical oversight based on delegations to ensure any expenditure or legal commitments are fully reviewed for risk and commitment. We engage internal consultation on all proposed decisions of higher risk or delegations to ensure these are fully scrutinised. We have oversight structures for significant programmes, projects or workstreams to ensure the relevant advice is provided at the early stages in the development of proposals. We engage in review of all Financial monitoring reports as a senior team to ensure that any emerging risks or actions are fully considered in response to pressures. All recruitment for vacancies; creation of new or changed posts and any requests for Job Evaluation is authorised through the Director. We escalate any concerns to statutory officers on matters as they arise, where that is required by the Council's processes
Transport provision review
Staff working in Resettlement Programme from across a number of Council Services have come together in two Development Sessions which included discussions on values, equalities, UK and Scottish Government legislation and regulations relating to Resettlement
The team conducts themselves with a high level of integrity, we challenge and scrutinise one another's work to ensure consistency and integrity

Examples of how the Council ensures openness and comprehensive stakeholder engagement (Principle B)
Public consultation as part of review of Polling Places
Pre-engagement with school communities regarding status of small schools
Annual forum for Planning and Building Standards agents and regular e-mail updates to agents
Use of Groupcall to keep parents and carers updated with urgent messaging from schools
Engagement with the school community on priorities for improvement planning and use of the Pupil Equity Fund
Regular staff focus groups
Community Bulletin, Borderlands Quarterly Updates, Stranraer Place Communications Plans and Delivery
Community Councils monthly Newsletter (cited as good practice by the Improvement Service) -Cost of Living Board getting updates about national research relating to cost of living issues (extracted from the Insights Report) - Council activities relating to our Equality Outcomes reported to the Community Planning Equality and Diversity Working Group quarterly meetings - Council activities relating to our Poverty and Inequalities Projects reported to the Community Planning Poverty and Inequalities Partnership bimonthly meetings - fortnightly 'New Scots' Newsletter sent to all refugees/citizens/guests and hosts of Ukrainian guests in the three Resettlement Programmes and also made available to asylum seekers - confidential Briefings issued on average 2/3 months (circulated when there's been particular developments) for CPP Board, all Elected Members, MPs and MSPs with updates on the Resettlement Programmes and asylum seekers

Examples of how the Council defines outcomes in terms of sustainable economic, social and environmental benefits (Principle C)
Refreshed service plans in line with new Council Plan Regular reporting to committees, Council Management Team, Leaders Panel and other relevant forums
Submissions to UK and Scottish Government external funding programmes such as Levelling Up Fund and Regeneration Capital Grant Fund
Learning for sustainability. Use for labour market intelligence to inform actions within YPG and DYW priorities within the LEP plan. SEF and PEF directed to support our most disadvantaged young people
The Community Asset Transfer Procedure includes a social value assessment of a Business Plan and this is included in the Committee report to Members to inform their decision Evaluation
Examples throughout reporting to Economy and Resources Committee re addressing environment, and securing natural capital; tackling poverty through supporting employment and opportunity - for example No-one Left behind; UKSPF; Economy - a wide range of reports on CLERF funding; inward investment in projects; economic recovery investment; Local place planning

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Examples of how the Council determines interventions to optimise the achievement of intended outcomes (Principle D)
Leisure and Sport service review. Public transport review
Production at a local level of 114 School Improvement Plans based around rigorous evaluation of triangulated school level outcomes
Key decision makers, including all of CMT, received training on decision making in a crisis
Undertaking surveys of stakeholders in their communities
UK Shared Prosperity Fund Programme Panel
CPP Improvement Plan and Operating Protocol is reviewed and updated each year Resettlement Programme has a specific Workstream and Workstream Action Plan on Finance, Governance and Performance to ensure there is adequate focus on these issues which are subject to change due to UK and Scottish Government requests and arrangements changing to reflect the dynamic situation. An Evaluation Report is underway (due for completion in January 2024) which will inform the Board and DGC of the optimum future arrangements

Examples of how the Council determines the entity's capacity, including the capability of its leadership and the individuals within it (Principle E)
We invest in leadership development opportunities through personal development and structured training. We support coaching and mentoring for staff where needed or requested. We support grow your own processes for new starts and for talent management. We encourage participation in national professional networks to develop capability. We recruit for skills and experience to provide for succession planning
Welfare and Housing Options team in terms of contribution to cost of living crisis
Leadership Conferences. Training programmes for Middle and Senior Leaders. Professional Learning Frameworks
Regular Staff Development Sessions to ensure staff are up to date with Council-wide initiatives and issues Positive promotion of training opportunities and secondments e.g. the Resettlement Programme has given c10 staff in Community Services a unique opportunity in temporary roles through secondments
SOLACE aspiring leaders course and shared the learning with the Management Team
Effective Headteacher Induction processes. Effective coaching and mentoring approaches
Use of flexible contract with external providers Arrangement with North Lanarkshire Council re processing of Building Warrant applications
Building resilience across the wider service Building closer working relationships with client services (horizon scanning, early intervention and prevention techniques)
Prioritising what we do based on the individual and public safety

Examples of Dumfries and Galloway Council measures to manage risks and performance (Principle F)
Update of Financial Regulations
Welfare service ongoing Member reporting and case studies
Regular connection with Education Finance Manager and finance links to S95 Officer on compliance with the agreed Devolved School Management arrangements
The Resettlement Board has a Finance, Governance and Performance Workstream that brings together expert finance staff from various services to ensure effective monitoring and forecasting; Board receives a regular monitoring report; Workstreams forecast expenditure for a year ahead and update this regularly
Maintaining risk register, risk monitoring and report part of most legal transactions
Capital Projects management through application of SCIM guidance

Examples of how the Council implements good practices in transparency, reporting and audit to delivery effective accountability (Principle G)
Rigorous scrutiny and reporting processes in place for all schools to Scottish Government and Local Authority. These plans feed into the Service plans and subsequent reporting.
Evaluation Reports to Committee/CPP Board on YouthBeat; Summer of Play and Mental Health Evaluation Report on Resettlement Programme
In process of reviewing and proposing training options for Elected Members on Trusts and Common Good and senior officers on subsidy level controls
Effective governance within the context of empowerment of school leadership where decision-making is shared and policy making made jointly with Headteachers
Welfare service Major Festivals and Events. Inclusive Play across region

Remuneration Report

Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of senior councillors and senior employees.

For completeness, the disclosure requirements under paragraph 3.4.4.1(5) of the Code for the totals of elected members' salaries, allowances and expenses, and those under 3.4.5.3. of the Code for the number of officers whose remuneration in the year was greater or equal to £50,000 grouped in bands of £5,000 and the number of exit packages agreed have been included in separate tables within this report.

All information disclosed in the tables in this Remuneration Report has been audited by the Council's appointed auditors, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Arrangements for Remuneration

Leader, Depute Leader & Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007. The regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Convenor, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Convenor cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of Dumfries & Galloway Council was £40,205. The Regulations permit the Council to remunerate one Civic Head (Depute Leader). The Regulations set out the maximum salary that may be paid to that Civic Head.

The regulations set out the remuneration that may be paid to senior councillors and the total number of senior councillors that the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its senior councillors, excluding the Leader and the Depute Leader, shall not exceed £352k. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary grade within these maximum limits.

In 2023/24 Dumfries & Galloway Council had 14 senior councillors, excluding the Leader and the Depute Leader, and the remuneration paid to these councillors totalled £354k. The total payments made to senior councillors in the year was within the total prescribed amount payable to senior councillors, with the accruals accounting approach resulting in a higher figure recorded within the accounts. The level of remuneration for a Senior Councillor was graded at £25,126 with the salaries noted within the statement below slightly higher due to the accruals accounting approach. The regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme. The Dumfries & Galloway Council Members' Salaries and Expenses Scheme which encompasses the salaries of all elected members including the Leader, the Depute Leader and Senior Councillors is available at www.dumgal.gov.uk.

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The rate of pay for Directors and other Chief Officials are set out in SJNC Circular 11-23b.

The Full Council sets the remuneration levels for senior officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and for performance management within the guidelines of and as determined by the Scottish Ministers and the Scottish Government. In reaching its decisions, the Council has regard to the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities, the Council's policies for the improvement of the delivery of local public services, and the funds available to the Council. Pay bonuses or performance related pay are not applicable to any senior employees.

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Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Council. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

Remuneration of Senior Councillors

The table below details the remuneration paid to Senior Councillors for Financial Year 2023/24 for the responsibilities they held.

Senior Councillors	Role	2023/24			Notes	2022/23
		Salary (including fees & allowances)	Taxable Expenses	Total Remuneration		Total Remuneration
		£	£	£		£
Gail MacGregor	Leader / Depute Convener	40,401	3,675	44,076	1	25,217
Malcolm Johnstone	Convener and Civic Head	30,286	279	30,565		1,354
Stephen Thompson	Senior Councillor	24,787	2,180	26,967		33,801
Archie Dryburgh	Senior Councillor	26,579	3,028	29,607	2	32,673
Jim Dempster	Senior Councillor	25,127	590	25,717		24,940
Ian Carruthers	Senior Councillor	25,193	0	25,193		5,569
Richard Brodie	Senior Councillor	25,086	0	25,086		22,410
Ian Blake	Senior Councillor	25,193	1,545	26,738		1,085
Jacqueline McCamon	Senior Councillor	25,193	1,081	26,274		1,085
David Inglis	Senior Councillor	25,193	583	25,776		1,466
Pauline Drysdale	Senior Councillor	25,193	387	25,580		1,085
Christine Hill	Senior Councillor	25,462	3,383	28,845		0
Ivor Hyslop	Senior Councillor	25,193	0	25,193		1,085
Richard Marsh	Senior Councillor	25,193	0	25,193		1,085
Andrew Giusti	Senior Councillor	25,193	2,118	27,311		1,605
Maureen Johnstone	Provost	25,193	0	25,193		1,085
Sean Marshall	Councillor	0	0	0	3	20,918
Carolyne Wilson	Councillor	0	0	0	3	21,515
Dougie Campbell	Councillor	0	0	0	3	20,977
Iain Howie	Councillor	0	0	0	3	21,577
George Jamieson	Councillor	0	0	0	3	22,343
Emma Jordan	Councillor	0	0	0	3	20,958
Andy Ferguson	Councillor	0	0	0	3	23,836
Tracey Little	Councillor	0	0	0	3	23,843
Linda Dorward	Councillor	0	0	0	3	27,825
Katie Hagmann	Councillor	0	0	0	1 & 3	27,111
John Campbell	Councillor	0	0	0	3	23,137
Former Senior Councillors resigned / not re-elected on 5 th May 2023.		0	0	0		20,320
Total		424,465	18,849	443,314		429,905

Note:

1. Katie Hagmann and Gail McGregor undertake additional roles with COSLA, where the first £2,500 of expenses in relation to the attendance of COSLA meetings are required to be met by the Council. COSLA reimburse any costs in excess of £2,500 with 1 claim having been submitted in 2023/24.
2. Archie Dryburgh received a payment of £1,500 within 2023/24 for their role within APSE (Association for Public Service Excellence). Dumfries and Galloway Council have been reimbursed with £828 in relation to costs incurred.
3. As a result of the change in the Council's political leadership in March 2023, these councillors did not undertake senior roles in 2023/24.
4. Total remuneration disclosed in the above table is presented on an accrual's basis.

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Total Remuneration paid to Elected Members'

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

	2022/23 £000	2023/24 £000
Salaries	928	965
Allowances	6	2
Expenses	39	52
Totals	973	1,019

The annual return of Councillors' salaries and expenses for 2023/24 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at www.dumgal.gov.uk

Remuneration of Senior Employees

The following table shows the remuneration paid to the Council's senior employees. The term senior employee includes any local authority employee:

- 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 (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
- whose annual remuneration is £150,000 or more.

Senior Officers	Post	Salary (including fees & allowances) £	Taxable Expense allowances £	Total remuneration excluding pension contributions 2023/24 £	Note	Total remuneration excluding pension contributions 2022/23 £
Dawn Roberts	Chief Executive from 11 July 2022 (FYE - £150,187)	163,796	482	164,278	1	109,140
Gavin Stevenson	Chief Executive (Retired 16 December 2021)	0	0	0	1	1,706
Derek Crichton	Interim Chief Executive/ Director Communities	124,777	0	124,777	1	126,977
Lorna Meahan	Director Economy and Resources	124,777	0	124,777		117,661
Gillian Brydson	Director Skills, Education and Learning	124,777	0	124,777		117,661
James Brown	Head of Education	107,725	0	107,725		101,458
Lillian Cringles	Head of Social Work	22,418	0	22,418	2	101,509
Stephen Morgan	Interim/Head of Social Work	102,485	31	102,516	3	-
Paul Garrett	Head of Finance and Procurement*	98,349	0	98,349	4	92,732
Vladimir Valiente	Head of Governance and Assurance	98,349	0	98,349		92,959
Richard Grieveson	Chief Officer – Renewal, Restart and Recovery (FYE - £97,458)	-	-	-		10,163
Shaun Morley	Interim Director Communities until 30 September 2022 (FYE - £113,628)	-	-	-		66,626
		967,453	513	967,966		938,592

*The implementation of the new Council structure resulted in all Senior Officer post titles changing from 1 April 2024. The above table reflects the job titles for the year 1 April 2023 to 31 March 2024. The s95 Officer post, reflected above as "Head of Finance and Procurement", has been reflected as "Chief Financial Officer" for all other references throughout this document, reflecting the position held at the time of preparing the accounts.

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Notes:

1. The increase in Dawn Robert's remuneration reflects being in post for a full financial year in 2023/24, with the prior year reflecting part year costs from 11 July 2022. Gavin Stevenson retired 16 December 2021 with the remuneration in prior year relating to their role as Returning Officer. Derek Crichton's prior year remuneration includes period as interim Chief Executive.
2. Lillian Cringles left their role as Head of Social Work on 15 June 2023.
3. Stephen Morgan was appointed to the role of Interim Head of Social Work on 30 March 2023 and formally appointed as the Head of Social Work on 16 June 2023. Payments disclosed include stand by Social Worker allowance during the year.
4. Paul Garrett is the treasurer of SWestrans within his role as the Council's S95 Officer.

Remuneration of Employees receiving more than £50,000

The Council's employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Code, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

Salary	Teachers		Council		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£160,000 to £164,999	0	0	0	1	0	1
£145,000 to £149,999	0	0	0	0	0	0
£140,000 to £144,999	0	0	0	0	0	0
£125,000 to £129,999	0	0	1	0	1	0
£120,000 to £124,999	0	0	0	3	0	3
£115,000 to £119,999	0	0	2	0	2	0
£110,000 to £114,999	0	0	0	0	0	0
£105,000 to £109,999	0	0	1	1	1	1
£100,000 to £104,999	0	0	2	1	2	1
£95,000 to £99,999	0	2	1	6	1	8
£90,000 to £94,999	4	5	8	0	12	5
£85,000 to £89,999	5	5	1	5	6	10
£80,000 to £84,999	5	8	2	3	7	11
£75,000 to £79,999	7	11	3	7	10	18
£70,000 to £74,999	15	27	8	23	23	50
£65,000 to £69,999	44	83	21	18	65	101
£60,000 to £64,999	77	71	33	25	110	96
£55,000 to £59,999	114	85	20	36	134	121
£50,000 to £54,999	75	126	43	93	118	219
Total Headcount	346	423	146	222	492	645

Exit Packages

During the year 1 April 2023 to 31 March 2024 one member of staff left the Council under the Early Retirement/Voluntary Severance Scheme. Provision was also made for one employee whose exit package was approved in 2023/24 but who will not leave until 2024/25. The table below details the exit packages agreed for these staff which are wholly associated with the accrued pension cost of added years.

Range	Amount Paid £000	Number of People in Range
£100,000 - £150,000	261	2

The above table does not include details of individuals who were considered under the Council's flexible retirement policy.

Pension Benefits

Local Government Pension Scheme

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

From 1 April 2015 the LGPS moved to a Career Average Revalued Earning (CARE) scheme. From then benefits for all members are worked out on a career average basis. Pension benefits accrued to 31st March 2015 are protected and worked out on final pay for employee members and career average for Councillor members when leaving. Normal Pension age in the scheme is State Pension age. On retirement members have the option of giving up some of their annual pension for a tax-free lump sum.

From 1 April 2009 a five-tier contribution system was introduced with contributions from scheme members being based on how much of their pensionable pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. The tiers and member contribution rates for 2023/24 are as follows:

Actual Pensionable Pay	Contribution Rate 2022/23	Actual Pensionable Pay	Contribution Rate 2023/24
On earnings up to and including £22,300	5.50%	On earnings up to and including £25,300	5.50%
On earnings above £22,301 and up to £27,300	7.25%	On earnings above £25,301 and up to £31,000	7.25%
On earnings above £27,301 and up to £37,400	8.50%	On earnings above £31,001 and up to £42,500	8.50%
On earnings above £37,401 and up to £49,900	9.50%	On earnings above £42,501 and up to £56,600	9.50%
On earnings above £49,901	12%	On earnings above £56,601	12%

Members pay contributions based on their actual pay. For part time employees pensionable pay includes additional hours up to their post's full time equivalent hours.

There are two sections to the LGPS, the main section and the 50/50 section. All members are placed in the main scheme. The member pays contributions in accordance with the table above and receives 1/49th of their pensionable pay as an annual pension pot for the year, or proportion of the year while in the main scheme.

The 50/50 section of the scheme was introduced as a short-term measure for members who may be having financial difficulties and would benefit from paying a reduced contribution for a period of time, rather than opting out of the scheme. Whilst in the 50/50 section the member pays half contributions to build up 1/98th of actual pensionable pay as an annual pension pot. Members of the 50/50 section can move back to the main section on request and are re-enrolled in the main scheme by their employer at the employer's Automatic Enrolment re-enrolment date.

Members have a Pension Account in the scheme for each pensionable employment held. The amount of pension in a Pension Account at the end of each scheme year is adjusted in line with the cost of living - as currently measured by the Consumer Prices Index (CPI) - to ensure it keeps its value. The employer's contribution rate was 22% for 2023/24.

Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th or 1/98th of Actual Pensionable pay each year from 1 April 2015. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a guaranteed lump sum based on 3/80th of final pensionable salary and years of pension scheme membership. For employee members between 1 April 2009 and 31 March 2015 the scheme guaranteed an annual pension based on an accrual rate of 1/60th of final pensionable pay and years of pension scheme membership.

Councillors, prior to 1 April 2009, accrued an annual pension based on 1/80th and a guaranteed lump sum based on 3/80th of career average pay and years of pension scheme membership. Between 1 April 2009 and 31 March 2015, for Councillors, the scheme guaranteed an annual pension based on an accrual rate of 1/60th of career average pay and years of pension scheme membership. The LGPS Regulations define the calculation for pre-2015 career average pay differently to post 2015 CARE pay.

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

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The pension figures shown relate to the benefits that the member has accrued as a consequence of their total local government membership and not just their current appointment only if the member has elected to aggregate all of their membership.

Pension Benefits of Senior Councillors

The pension benefits for senior councillors who are members of the Dumfries & Galloway Council Pension Fund are shown in the following table, together with the contribution made by the Council to each senior councillor's pension.

Senior Councillors	Role	In Year Pension Contributions			Accrued Pension Benefits		
		to 31 March 2024 £	to 31 March 2023 £		31 March 2024 £000's	31 March 2023 £000's	Difference £000's
Stephen Thompson	Senior Councillor	5,443	7,070	Pension	6	5	1
				Lump Sum	0	0	0
Gail Macgregor	Leader / Depute Convener	8,872	5,391	Pension	6	4	2
				Lump Sum	0	0	0
Archie Dryburgh	Senior Councillor	5,507	5,397	Pension	8	8	0
				Lump Sum	2	2	0
Ian Carruthers	Senior Councillor	5,532	4,454	Pension	6	5	1
				Lump Sum	0	0	0
Richard Brodie	Senior Councillor	5,508	5,283	Pension	10	8	2
				Lump Sum	2	2	0
Ian Blake	Senior Councillor	5,532	4,353	Pension	11	9	2
				Lump Sum	2	2	0
Jacqueline McCamon	Senior Councillor	5,532	4,353	Pension	2	1	1
				Lump Sum	0	0	0
David Inglis	Senior Councillor	5,532	4,353	Pension	3	2	1
				Lump Sum	0	0	0
Pauline Drysdale	Senior Councillor	5,532	4,353	Pension	2	2	0
				Lump Sum	0	0	0
Christine Hill	Senior Councillor	5,591	3,887	Pension	1	0	1
				Lump Sum	0	0	0
Ivor Hyslop	Senior Councillor	5,532	4,353	Pension	6	5	1
				Lump Sum	0	0	0
Richard Marsh	Senior Councillor	5,532	1,399	Pension	1	0	1
				Lump Sum	0	0	0
Andrew Giusti	Senior Councillor	5,532	4,353	Pension	3	2	1
				Lump Sum	0	0	0
Malcolm Johnstone	Convenor and Civic Head	6,650	4,412	Pension	3	2	1
				Lump Sum	0	0	0
Maureen Johnstone	Provost	5,532	3,947	Pension	1	0	1
				Lump Sum	0	0	0
Linda Dorward	Councillor	0	6,241	Pension	0	1	
				Lump Sum	0	0	
Sean Marshall	Councillor	0	5,154	Pension	0	7	
				Lump Sum	0	2	
Carolynne Wilson	Councillor	0	4,747	Pension	0	0	
				Lump Sum	0	0	
Dougie Campbell	Councillor	0	(171)	Pension	0	0	
				Lump Sum	0	0	
Iain Howie	Councillor	0	5,142	Pension	0	3	
				Lump Sum	0	0	
George Jamieson	Councillor	0	4,736	Pension	0	0	
				Lump Sum	0	0	
Emma Jordan	Councillor	0	4,747	Pension	0	0	
				Lump Sum	0	0	
Andy Ferguson	Councillor	0	5,244	Pension	0	7	
				Lump Sum	0	0	
Tracey Little	Councillor	0	5,246	Pension	0	3	
				Lump Sum	0	0	
Katie Hagmann	Councillor	0	5,244	Pension	0	3	
				Lump Sum	0	0	
John Campbell	Councillor	0	5,244	Pension	0	3	
				Lump Sum	0	0	
Former Senior Councillors resigned / not re-elected on 5 th May. (note 3)		0	3,962		0	31	
					0	3	
Total		87,359	122,894		75	122	

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Pension Benefits of Senior Employees

The pension benefits for senior employees are shown in the table below, together with the contribution made by the Council to each senior employee's pension.

Senior Employees	Post	In year pension contributions		Accrued Pension Benefits			
		For year to 31 March 2024 £	For year to 31 March 2023 £		As at 31 March 2024 £000	As at 31 March 2023 £000	Difference from 31 March 2023 £000
Dawn Roberts	Chief Executive	35,966	23,934	Pension	6	2	4
				Lump sum	-	-	0
Lorna Meahan	Director Economy and Resources	27,399	25,885	Pension	55	49	6
				Lump sum	60	56	4
Derek Crichton	Director Communities	27,399	27,935	Pension	71	64	7
				Lump sum	107	101	6
Gillian Brydson	Director Skills, Education and Learning	27,399	25,885	Pension	64	58	6
				Lump sum	92	86	6
James Brown	Head of Education	23,654	22,321	Pension	7	5	2
				Lump sum	-	-	-
Lillian Cringles	Head of Social Work – Note 1	4,932	22,330	Pension	-	35	(35)
				Lump sum	-	22	(22)
Paul Garrett	Head of Finance and Procurement	21,652	20,401	Pension	48	43	5
				Lump sum	61	59	2
Vladimir Valiente	Head of Governance & Assurance	21,652	20,392	Pension	26	19	7
				Lump Sum	6	6	-
Stephen Morgan	Interim/Head of Social Work – Note 2	22,730	-	Pension	43	-	43
				Lump Sum	52	-	52
Richard Grieveson	Chief Officer – Renewal, Restart and Recovery	-	20,874	Pension	-	48	(48)
				Lump Sum	-	72	(72)
Shaun Morley	Interim Director Communities	-	11,959	Pension	-	2	(2)
				Lump sum	-	-	-
Total		212,783	221,916		698	727	

Notes:

- Lillian Cringles left their role as Head of Social Work on 15 June 2023.
- Stephen Morgan was appointed to the role of Interim Head of Social Work on 30 March 2023 and formally appointed as the Head of Social Work on 16 June 2023. Pension Benefits disclosed are for the full membership in the local government pension scheme.

Gail MacGregor
Leader

Dawn Roberts
Chief Executive

21 November 2024

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Dumfries and Galloway Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the Council Tax Income Account, the Non-Domestic Rates Account and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2024 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Chief Financial Officer and the Audit, Risk and Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit, Risk and Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Financial Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Financial Officer concerning the policies and procedures of the council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Statement of Responsibilities, Annual Governance Statement and the unaudited parts of the Remuneration Report.

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

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Comprehensive Income & Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements, and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23(restated)				2023/24			
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000	Note
181,951	(25,254)	156,697	Education & Learning	190,059	(24,508)	165,551	
36,824	(7,064)	29,760	Social Work Services	37,608	(8,087)	29,521	
220,691	(125,708)	94,983	Integration Joint Board (IJB)	223,800	(128,794)	95,006	
157,051	(48,667)	108,384	Communities	157,350	(50,178)	107,172	
73,995	(21,173)	52,822	Economy & Resources	71,456	(21,643)	49,813	
(1,898)	(1,887)	(3,785)	Non-Distributable Costs	6,224	(2,433)	3,791	
668,614	(229,753)	438,861	Net Cost of Services	686,497	(235,643)	450,854	7
		29,022	Other Operating Expenditure			1,419	
		24,571	Financing and Investment Income & Expenditure			14,024	9
		(429,104)	Taxation & Non-Specific Grant Income			(470,405)	10
		63,350	(Surplus) /Deficit on the Provision of Services			(4,108)	
		(6,284)	(Surplus)/deficit on revaluation of non-current assets			(19,951)	
		(374,550)	Remeasurement of net defined liability/ (asset)			(8,557)	
		0	Other unrealised (gains)/ losses			0	
		(380,834)	Other Comprehensive Income & Expenditure			(28,508)	
		(317,484)	Total Comprehensive Income & Expenditure			(32,616)	

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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 (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The Net (Increase)/ Decrease before Transfers to/ (from) Other Statutory Reserves line shows the statutory General Fund Balance before any discretionary transfers to/(from) earmarked reserves undertaken by the Council.

	Usable Reserves						Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000	Note
	General Fund Balance	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied				
	£000	£000	£000	£000	£000	£000				
Balance at 31 March 2022	(90,003)	0	(4,771)	(3,125)	(3,572)	0	(101,471)	(126,961)	(228,432)	
Movements in Reserves during 2022/23 (restated)										
(Surplus) or Deficit on provision of services	63,350	0	0	0	0	0	63,350	0	63,350	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(380,834)	(380,834)	
Total Comprehensive Income & Expenditure	63,350	0	0	0	0	0	63,350	(380,834)	(317,484)	
Adjustments to usable reserves permitted by accounting standards	(14,988)	0	0	0	0	0	(14,988)	14,988	0	
Adjustments between accounting basis & funding basis under regulations	(48,131)	0	83	0	0	0	(48,048)	48,048	0	14
Net (increase)/ decrease before transfers to/(from) other statutory reserves	231	0	83	0	0	0	314	(317,798)	(317,484)	
Transfers to/ (from) Other Statutory Reserves	3,402	0	(3,495)	150	(57)	0	0	0	0	15
(Increase)/ decrease in year	3,633	0	(3,412)	150	(57)	0	314	(317,798)	(317,484)	
Balance at 31 March 2023 carried forward	(86,370)	0	(8,183)	(2,975)	(3,629)	0	(101,157)	(444,759)	(545,916)	
Movements in Reserves during 2023/24										
Opening Adjustment – removal of financing costs	0	0	0	0	0	0	0	16,283	16,283	
Adjusted Opening Balance at 1 April 2023	(86,370)	0	(8,183)	(2,975)	(3,629)	0	(101,157)	(428,476)	(529,633)	
(Surplus) or Deficit on provision of services	(4,108)	0	0	0	0	0	(4,108)	0	(4,108)	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(28,508)	(28,508)	
Total Comprehensive Income & Expenditure	(4,108)	0	0	0	0	0	(4,108)	(28,508)	(32,616)	
Adjustments to usable reserves permitted by accounting standards	(13,718)	0	0	0	0	0	(13,718)	13,718	0	
Adjustments between accounting basis & funding basis under regulations	5,666	0	(4,082)	0	0	0	1,584	(1,584)	0	14
Net (increase)/ decrease before transfers to/(from) other statutory reserves	(12,160)	0	(4,082)	0	0	0	(16,242)	(16,374)	(32,616)	
Transfers to/ (from) Other Statutory Reserves	24,910	0	(26,588)	1,298	380	0	0	0	0	15
(Increase)/ decrease in year	12,750	0	(30,670)	1,298	380	0	(16,242)	(16,374)	(32,616)	
Balance at 31 March 2024 carried forward	(73,620)	0	(38,853)	(1,677)	(3,249)	0	(117,399)	(444,850)	(562,249)	

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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/ (liabilities) of the Council (assets less liabilities) are matched by 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. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses where the amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between the accounting basis and funding basis under regulations”.

31 March 2023 (Restated) £000		31 March 2024 £000	Note
841,484	Property, Plant & Equipment	838,694	16
2,356	Heritage Assets	2,364	17
15	Intangible Assets	274	17
855	Long Term Investments	816	
56,389	Pensions Asset	68,153	27
9,022	Long Term Debtors	8,475	19
910,121	Long Term Assets	918,776	
1,070	Assets Held For Sale	1,299	17
899	Inventories	1,099	
26,967	Short Term Debtors	30,622	20
36,494	Cash & Cash Equivalents	21,680	21
65,430	Current Assets	54,700	
(11,763)	Short Term Borrowing	(13,855)	33
(68,741)	Short Term Creditors	(62,540)	22
(3,389)	Short Term Liabilities	(3,730)	23
(462)	Short Term Provisions	(119)	24
(84,355)	Current Liabilities	(80,244)	
(167,850)	Long Term Borrowing	(157,812)	33
(97,707)	Other Long Term Liabilities	(93,978)	33
(79,723)	Other Long Term Liabilities (Pensions)	(79,193)	27
(345,280)	Long Term Liabilities	(330,983)	
545,916	Net Assets/ (Liabilities)	562,249	
101,157	Usable Reserves	117,399	30
444,759	Unusable Reserves	444,850	31
545,916	Total Reserves	562,249	

The unaudited accounts were issued on 27 June 2024 and the audited accounts were authorised for issue on 21 November 2024.

Gillian Ross
Interim Chief Financial Officer

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting 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 net 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 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 future cash flows by providers of capital (i.e. borrowing) to the Council.

				Note
2022/23 £000	(restated)	2023/24 £000	£000	
63,350	Net (surplus) or deficit on the provision of services	(4,108)		
(90,288)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(33,764)		
17,871	Adjustments to net (surplus) or deficit on the provision of services that are investing or financing activities	39,825		
(9,067)	Net cash flow from operating activities	<u> </u>	1,953	
	Investing activities			
30,548	- purchase of property, plant & equipment, heritage assets & intangible assets	41,395		
49	- other payments for investing activities	0		
(985)	- proceeds from the sale of property, plant, equipment	(455)		
(17,463)	- Other receipts from investing activity	(39,946)		
12,149		<u> </u>	994	
	Financing activities			
(3,481)	- cash receipts from short & long term borrowing	(118)		
0	- other receipts from financing activities	0		
3,343	- cash payments for the reductions of outstanding liabilities relating to PFI/PPP contracts	3,389		
14,156	- repayments of short & long term borrowing	8,596		
0	- other payments for financing activities	0		
14,018		<u> </u>	11,867	
17,100	Net (increase) or decrease in cash and cash equivalents		14,814	
53,594	Cash and cash equivalents at the beginning of the year		36,494	
36,494	Cash and cash equivalents at the end of the reporting year		21,680	21

Notes to Financial Statements

1. Summary of Material Accounting Policies

a) General Principles

The Annual Accounts summarise the Council's transactions for the 2023/24 financial year and its financial position at the year end of 31 March 2024. They have been prepared on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code). The Code is based on the International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to provide a 'true and fair view' of the financial performance and position of the Council and its group.

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

b) Accruals of Income & Expenditure

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

- suppliers' invoices paid in the two weeks following the year-end have been analysed and included together with specific accruals in respect of further material items provided the goods and services were received in 2023/24,
- all known specific and material sums payable to the Council have been included. Revenue for the sale of goods or the provision of services is recognised when it is determined that the service has been provided,
- supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet,
- 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge is made to revenue for the income which will not be collected,
- interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

c) Cash & Cash Equivalents

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

d) Changes in Accounting Policies and Prior Year Adjustments

Changes in accounting policies are only made when required by proper accounting practice or where the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

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

e) Charges to Revenue for Non-Current Assets

Service revenue accounts and support services are charged with the following amounts to record the real 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 assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations; however, it is required to make provision for the annual cost of the repayment of previous borrowing. Depreciation, revaluation, impairment losses and amortisations are therefore replaced by loans fund principal repayments in the Movement in Reserves Statement to recognise the difference between the two.

f) Employee Benefits

Benefits Payable During Employment

All employment costs relating to the year to 31 March 2024 have been accounted for in Net Cost of Services in the Comprehensive Income & Expenditure Statement. An accrual is made for the cost of leave entitlement earned by

Dumfries and Galloway Council Annual Accounts 2023/24

employees but not taken at 31 March. This is charged to services in the Comprehensive Income & Expenditure Statement and reversed out in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate employment before the normal retirement date or a decision to accept voluntary redundancy. These costs are charged to the Non Distributed Costs line in the Comprehensive Income & Expenditure Statement when the Council can no longer withdraw the offer of these benefits. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with the debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

The Council participates in the following separate pension schemes:

- The Local Government Pension Scheme (LGPS) administered by Dumfries & Galloway Council,
- The Teachers Pension Scheme.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However the arrangements for the Teachers Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for the future payments of benefits is recognised in the Balance Sheet, and the Education and Learning line in the Comprehensive Income & Expenditure Statement is charged with the employers' contributions payable to teachers' pensions in the year.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefit scheme:

- the net asset/liability of the Dumfries & Galloway Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit basis – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- liabilities are discounted to their value at current prices, using a discount rate of 4.8%, based on market yields at the end of the financial year on AA-rated corporate bonds,
- the assets of the Dumfries & Galloway Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value of current bid prices for securities,
- the change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year, allocated to the Comprehensive Income & Expenditure Statement to the services for which the employee worked,
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is charged to Non Distributable Costs in the Comprehensive Income & Expenditure Statement,
 - net interest on the net defined benefit liability/ (asset) – the change during the year in the net defined liability/ (asset) that arises from the passage of time charged to the Financing and Investment Income & Expenditure line of the Comprehensive Income & Expenditure Statement.
 - Remeasurements comprising:
 - return on plan assets - excluding amounts included in the net interest on the net defined liability/ (asset). This is charged to the Remeasurements of the Net Defined Benefit Liability/ (Asset) in the Comprehensive Income & Expenditure Statement.
 - actuarial gains and losses – changes in the net pension liability/ (asset) that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Remeasurements of the Net Defined Benefit Liability/ (Asset) in the Comprehensive Income & Expenditure Statement,
 - contributions paid to the Dumfries & Galloway Council Pension Fund – cash paid as employers contributions to the Pension Fund in settlement of liabilities. This is not accounted for as an expense under accounting conventions but is replaced by the current service cost above.

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

and replace them with charges for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Discretionary / Unfunded Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS. The liability in relation to unfunded benefits is separately identified within the net asset/liability of the Council's share of Dumfries and Galloway Council Pension Fund in the Balance Sheet. The value of unfunded benefits is provided in Note 27 to the Accounts.

g) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events which occur between the end of the reporting year and the date when the Annual Accounts are authorised for issue. The Annual Accounts are adjusted for events which provide evidence of conditions that existed at the end of the reporting year. The Annual Accounts are not adjusted for events which are indicative of conditions which arose after the end of the reporting year. However, where such events would have a material effect, a disclosure is made in the Notes to the Financial Statements of the nature of the event and the estimated financial effect.

h) Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income & Expenditure Statement or in the Notes to the Financial Statements, depending on how significant the items are to an understanding of the Council's financial performance.

i) Financial Instruments

Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Council becomes party to the contractual provisions of the financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount which was originally recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and the interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses incurred as a result of the rescheduling of borrowing are charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement. Regulations allow the spreading of the gain or loss over the period of the replacement loans. The reconciliation between the amounts charged to the Comprehensive Income & Expenditure Statement and the amount required to be charged against the General Fund Balance is managed via the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI) – not applicable to the Council for 2023/24.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and that interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the

borrower could default on their obligations. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where credit risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quote market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

j) Grants & Contributions

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

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

Monies advanced as grants and contributions for which contributions have not been satisfied are carried in the Balance Sheet as grants in advance. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (revenue grants) or Taxation & Non Specific Grant Income (capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants and Receipts Unapplied Account. Amounts in the Capital Grants and Receipts Unapplied Account are transferred to the Capital Fund to enable them to be used to support future capital expenditure.

k) Heritage Assets

Heritage assets are those assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge or culture. The Council's heritage assets are held in the Council's museums across the region and in some other Council buildings.

Heritage assets are recognised and measured in accordance with the Council's policies on property, plant & equipment. Valuations have been made by a combination of professional valuations and estimates by curators based on current market values of similar items. In line with these policies only assets valued at over £5,000 have been included in the Balance Sheet. Due to the indeterminate lives and high residual value of heritage assets, it is not deemed appropriate to charge depreciation on these assets. The carrying amount of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised in accordance with the Council's impairment policy. The Council's policy for the acquisition, preservation, management and disposal of heritage assets is included in "A Museums Forward Plan for Dumfries & Galloway".

l) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Intangible assets are initially measured at cost. Amounts are not revalued as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income & Expenditure Statement.

m) Interests in Companies and Other Entities

Where the Council has a material interest in subsidiaries, associates or joint ventures the Council will prepare Group Accounts in compliance with the Code. An interest is where the Council has either ownership of share capital or has rights to benefit from the capital of the entity. An interest also covers situations where the Council has the right to benefit from surpluses, a liability to contribute to losses, or an obligation to contribute to debts or expenses in the winding up of an entity. In assessing whether the interest is material or not an assessment will be made as to the influence and control which the Council exerts over the entity, not solely the financial interest or ownership.

n) Inventories

Inventories include consumable stock. Consumable stock is included in the Balance Sheet at the lower of cost and net realisable value. Inventory quantities are either based on physical stock at the end of the year or on a perpetual inventory throughout the year.

o) Leases

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

The Council as Lessee

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income & Expenditure Statement as an expense of the service benefitting from the leased asset. Charges are made on a straight line basis over the term of the lease.

The Council as Lessor

Finance leases

The Council currently has one lease of this nature in relation to the Crichton Estate which has been leased to the Crichton Trust until 2170 at a cost of £10 per annum. Whilst, the assets do not transfer to the trust at the end of the lease term as under a typical finance lease, given that the lease is deemed to be for the entire useful economic life of the asset, it is treated as such. Where the Council grants a finance lease over a property the asset is removed from the balance sheet. A debtor is recognised for the lease income due on the lease.

Operating leases

Where the Council grants an operating lease over a property the asset is retained on the Balance Sheet. Rental income received from operating leases is credited to Net Cost of Service in the Comprehensive Income & Expenditure Statement on a straight line basis over the term of the lease.

p) Overheads and Support Services

The costs of overheads and support services are charged to the service that incurs the initial cost based on the organisation structure. For example, Finance & Procurement and People & Transformation are reported under Economy & Resources rather than being charged over the services that receive the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24 (SeRCoP). This is in line with the practice outlined in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

q) Public Private Partnerships (PPP) and similar contracts

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

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the contractor to pay for the capital investment. Non-current assets recognised in the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable each year are analysed into:

- the service charge and lifecycle replacement costs, charged to services in the Comprehensive Income & Expenditure Statement,
- the interest, charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement,
- contingent rent (increases in the amount to be paid for the property arising during the contract), charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement,
- the repayment of the liability, applied to reduce the Balance Sheet liability owed to the operator over the remaining term of the contract.

From 1 April 2023 (on a retrospective basis) the liability repayment charged to the Comprehensive Income and Expenditure is calculated using the annuity method (using the interest rate implicit in the PPP/DBFM contracts over a 50 years period) which aligns with a prudent assessment of the useful life of the assets, rather than the contract term, as permitted by Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements. Prior to the application of this permitted flexibility £33.3 Million of repayments had been charged to the Comprehensive Income and Expenditure Account. The application of the flexibility reduced this repayment to £6.1 Million, resulting in a £27.2M retrospective benefit to the general fund. This amount was subsequently allocated to the Capital Fund to support additional capital investment.

r) Property, Plant & Equipment

Assets which have a physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant & equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant & equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the asset will flow to the Council and the cost of the item can be reliably measured. Expenditure that does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

The Council adopts IFRS13 Fair Value Measurement, definition of fair value for those assets and liabilities which can be or are required to be measured as such, for example surplus assets.

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

- infrastructure, community assets and assets under construction - depreciated historical cost.
- Surplus Assets – measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date.
- all other assets – current value, determined as the amount that would be paid for the assets in its existing use. Where there is no market based evidence of fair value because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives, low value or both, depreciated historical cost basis is used as a proxy for fair value.

Infrastructure Assets – In line with Finance Circular 09/2022 (Statutory Override – Accounting for Infrastructure Assets) the Council has elected to apply both statutory overrides. These constitute: -

Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is required to be a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Revaluation

All assets are formally revalued at least once every five years and the revised amount is then included in the Balance Sheet. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in the value are identified these are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain or,
- where there is no or insufficient balance on the Revaluation Reserve, the loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

The carrying value of assets is reviewed annually and where there has been significant investment in an asset, or where there are indications of impairment or significant change in BCIS indices for a category of asset the revaluation of assets will be brought forward in the revaluation cycle to ensure the carrying value is not materially different to that if all assets had been revalued at 31 March of the reporting year.

An annual indexation exercise is undertaken to provide assurance that the overall value of Property Plant and Equipment does not differ materially from that disclosed on the balance sheet, given that assets are only valued on a 5-year rolling cycle. The materiality limit for valuation movements is 2% (of the total Property Plant and Equipment value) in recognition of the volatile nature and external influences that can have a short-term impact on property values. The 2023/24 indexation exercise did not indicate a material movement in valuation. If there was deemed to be a material difference, our external valuers would be asked to revalue additional assets.

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

Impairment

Assets are reviewed at each year end to determine whether there is an indication that an asset may be impaired. Where indications exist, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised. Impairment losses are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain or,
- where there is no or insufficient balance on the Revaluation Reserve, the impairment loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Depreciation

Depreciation is provided on all property, plant & equipment, other than land, assets under construction and assets held for sale, on a straight line basis over the expected life of the asset. Where an item of property, plant & equipment has major components whose lives are different and whose costs are significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals & Non-Current Assets Held for Sale

When an asset is reclassified as surplus and meets the appropriate criteria (i.e. the asset is available for immediate sale, the sale is highly probable, the asset is being actively marketed and the sale will be complete within a year of reclassification) then it is classified as an asset held for sale. The asset is revalued before classification and carried at the lower of this value and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is taken to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement. Gains in fair value are recognised up to the amount of any previous losses recognised in the (Surplus)/Deficit on the Provision of Services. Assets which are to be abandoned or scrapped are not reclassified as assets held for sale.

If assets no longer meet the criteria of assets held for sale, they are reclassified back to operational assets and valued at the lower of their carrying amount before they were classified as assets held for sale, adjusted for depreciation, amortisation and revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital receipts are required to be credited to the Capital Receipts Reserve. They are then applied to support the cost of new capital investment. Any receipts not applied in year are transferred to the Capital Receipts Unapplied Account. Any receipts in the Capital Receipts Unapplied Account are then transferred to the Capital Fund to support future capital expenditure. Receipts are appropriated to the Reserve from the General Fund in the Movement in Reserves Statement.

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

s) Provisions, Contingent Liabilities and Contingent Assets

Provisions are created 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 Comprehensive Income & Expenditure Statement 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 on 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.

A contingent liability or asset arises where an event has taken place which gives the Council a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities or assets also arise in circumstances where a provision would

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otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities or assets are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

t) Reserves

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is included in the appropriate service in that year so as to be included in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Reserves are categorised under accounting regulations into two broad categories:

- usable reserves, which are available to support services,
- unusable reserves, which are required to facilitate accounting requirements.

u) VAT

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it.

v) New accounting standards

The code of Practice on Local Authority accounting for 2023/24 was revised to take into account the following changes:-

- Amendments to section 3.3, **Accounting Policies, Changes in Accounting Estimates and Errors**, reflecting amendments to IAS 8, which clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.
- Amendments to section 3.4, **Presentation of Financial Statements**, reflecting changes to IAS1, which provides a more focused and proportionate information on accounting policies.

These changes have been considered as part of the preparation of the Council's accounts for 2023/24.

2. Adjustments to 2022/23 Audited Annual Accounts

The following adjustments have been made to the 2022/23 Accounts:

Crichton Estate Derecognition and Treatment as a Finance Lease

During the 2023/24 audit process, it was identified that the Council held an asset (the Crichton Estate) on the balance sheet under property, plant and equipment that was leased to The Crichton Trust from 1995 until 2170 (which could be deemed to exceed the entire useful life of the asset). For accounting purposes this should be reflected as a finance lease and therefore dragonised from Property, Plant and Equipment. This adjustment has been backdated to the start of the lease in 1995, therefore a prior year restatement was required. A summary of the core statement changes is as follows:

Comprehensive Income and Expenditure Statement	2022/23 Original £000	2022/23 Adjusted £000	Variance	Reason
Other Operating Expenditure	908	29,022	28,114	Represents the loss on disposal of assets
(Surplus)/Deficit on Provision of Services	35,236	63,350	28,114	flow through from adjustment above
Total Comprehensive Income & Expenditure	(345,598)	(317,484)	28,114	flow through from adjustment above

Movement In Reserves Statement	2022/23 Original £000	2022/23 Adjusted £000	Variance	Reason
(Surplus)/Deficit on Provision of Services	35,236	63,350	28,114	CIES adjustment above
Adjustments between accounting basis & funding basis under regulations	(20,017)	(48,131)	(28,114)	transfer from Capital Adjustment Account and Revaluation reserve on the disposal of assets
Total Unusable Reserves	(472,873)	(444,759)	28,114	reflects reduced Capital Adjustment Account and Revaluation Reserve balances following disposal of asset

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Balance Sheet	2022/23 Original £000	2022/23 Adjusted £000	Variance	Reason
Property, Plant and Equipment	869,599	841,484	(28,115)	removes value of Crichton Estate
Long Term Debtors	9,021	9,022	1	accounts for new Finance Lease Receivable
Unusable Reserves	472,873	444,759	(28,114)	reflects reduced Capital Adjustment Account and Revaluation Reserve balances following disposal of asset

Cash Flow Statement	2022/23 Original £000	2022/23 Adjusted £000	Variance	Reason
Net (surplus) or deficit on the provision of services	35,236	63,350	28,114	Represents the loss on disposal of assets
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(62,174)	(90,288)	(28,114)	represents the statutory adjustment and that loss on disposal is met from Capital Adjustment Account/Revaluation Reserve

The adjustments reflected above also impact on various notes to the accounts:

Note 7 - Expenditure and Funding Analysis - Other Operating Income and Expenditure

Note 8 - Key Items of Income and Expenditure - Other Gains/Losses

Note 14 - Adjustments between Accounting Basis and Funding Basis - Net gain/(Loss on disposal)

Note 16 - Property, Plant and Equipment - Other Land and Buildings disposals/depreciation written back on disposals

Note 19 - Long Term Debtors - Other Long-Term Debtors to include finance lease receivable

Note 31 - Unusable Reserves - Capital Adjustment Account and Revaluation Reserve updated for disposal

Note 33 - Financial Instruments - Long Term Debtors

Group Accounts - Updated to reflect core statement adjustments above

Balance Sheet - Pensions Asset/Liability

Within the Balance Sheet, the presentation of the Net Pensions Liability has been updated to separately identify the unfunded liabilities in relation to the discretionary enhancements to retirement benefits that are paid by the Council rather than the pension fund. The removal of the unfunded liabilities has resulted in a Net Pensions Asset being recognised within the 2022/23 Balance Sheet. This is a presentational change and has no impact on the Council's net asset position reflected within the Balance Sheet.

This approach has also been resulted in a Net Pensions Asset for 2023/24 with an asset ceiling report obtained from the actuaries confirming no change was required to be reflected in relation to the application of an asset ceiling.

Note 2 to EFA (Note 7)/13 – Presentational Adjustment for Grant Income

Within note 2 to the EFA (Note 7) and note 13, the prior year figures have been restated to reflect a re-classification of grant income. This change has resulted in a presentational adjustment to the categorisation between "Grants credited to Services" and "Fees, Charges & Other Service Income". This presentational adjustment has no impact on the net position within the Expenditure and Funding Analysis note.

Non-Domestic Rates Account – Analysis of Rateable Subjects

An error in the prior year figures reflecting values at the wrong reporting date was identified during the preparation of the accounts and has been corrected within the Analysis of Rateable Subjects and Values (note 1). This change has no impact on the core Non-Domestic Rate Account or the value credited to the Comprehensive Income and Expenditure Statement during the year.

Note 40 – Common Good

The Common Good Balance sheet has been restated to reflect mandatory reporting requirements outlined in the recent LASAAC Guidance: 'Accounting for the Common Good Fund'. The application of the guidance has resulted in the removal of the Capital Adjustment Account and impacted the values being reported within the Balance Sheet. This is a presentational change and has no impact on the Common Good's overall Reserve balances.

3. Accounting Standards Issued and Not Yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2024/25 Code by the Council on 1 April 2024:

- IFRS 16 Leases issued in January 2016*
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by the Local Government Accounting Code from 1 April 2024, with local authorities having the option to adopt early. It is the Council's intention to implement IFRS 16 on 1 April 2024. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and provides enhanced disclosures to improve transparency of reporting on capital employed.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value (£10k) and leases that expire on or before 31 March 2025 are exempt from the new arrangements. IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. Implementation is effective from 1st April, therefore no impact on 2023/24 Accounts.

Due to the need to reassess lease calculations, together with uncertainty around expected future leasing activity, a quantification of the expected impact of applying the standard in 2024/25 is currently impracticable.

4. Critical Judgements in Applying Accounting Policies

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

- **Public Sector Funding** – There continues to be a high degree of uncertainty about future levels of funding for local government. Our medium term financial strategy reflects an estimated funding gap of £30 Million over the period 2024/25 to 2026/27 and while future funding levels remain uncertain the 2024/25 agreed budget reflects a number of planned measures to identify and progress more significant change and savings over the upcoming period to enable the Council to deliver a balanced budget beyond the short term. The Council has determined that this uncertainty is not yet sufficient to provide an indication of the assets of the Council which might be impaired as a result of the need to review service provision.
- **Public Private Partnership (PPP)** - The Council has considered the tests under IFRIC12 and concluded these are service concession arrangements. The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PPP schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Note 25 "Private Finance Initiatives and Similar Contracts" provides further details on the value of assets included on the Council's balance sheet, as well as outstanding liabilities and payments due to be paid to the contractor over the lifetime of the remaining contract.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contain 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 as at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment	Estimation of the fair values and useful lives of assets are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may require the Council to review current spending levels on asset repairs and maintenance, bringing into doubt fair values and useful lives assigned to assets. Valuation – assets are valued over a five-year rolling programme, with valuation assumptions ascertained by professional valuers who have considered the potential uncertainty regarding asset valuations arising from the current economic climate.	Any significant change in repairs and maintenance spend would require a review of asset lives, thereby impacting directly on asset valuations and depreciation charges to Services.
LGPS Pensions Asset/Liability	Estimations 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 pensions fund assets. External actuaries provide expert advice about the assumptions to be applied.	The effects on the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension asset of £16.479 Million. However, the assumptions interact in complex ways. During 2023/24, the Pension Fund actuaries advised that our net pension position had moved from a net deficit of £23.334 Million to a net deficit of £11.040 Million - a movement of £12.294 Million. The application of IAS19 and the asset ceiling provision contained therein, the Council has recognised a funded pension asset of £68.153 Million and an unfunded pension liability of £79.193 Million. Note 27 provides further detail.
Arrears Provision	The Council has made provision of £5.4 Million in relation to outstanding debtor balances and £15.3 Million in relation to outstanding Council Tax balances (notes 19 and 20). Based on current collection rates the provision is deemed sufficient to cover all liabilities that may arise in the future. However, it is possible that future economic conditions could have a detrimental impact on collection levels.	If debtor collection rates were to deteriorate, consideration would need to be given to further reviewing the criteria for calculating provisions and the provision levels held.

6. Events After the Balance Sheet Date

The audited Annual Accounts were issued by the Interim Chief Financial Officer on 21 November 2024. Events taking place after this date are not reflected in the financial statements or notes. There were no post balance sheet events between 31 March 2024 and the 21 November 2024.

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7. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23 (restated)				2023/24		
Net Expenditure Chargeable to the General Fund (Note 2)	Adjustments Between the Funding and Accounting Basis (Note 1)	Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund (Note 2)	Adjustments Between the Funding and Accounting Basis (Note 1)	Expenditure in the Comprehensive Income & Expenditure Statement
£000	£000	£000		£000	£000	£000
146,273	10,424	156,697	Education & Learning	160,803	4,748	165,551
26,225	3,535	29,760	Social Work Services	29,462	59	29,521
90,415	4,568	94,983	Integration Joint Board (IJB)	94,616	390	95,006
78,132	30,252	108,384	Communities	83,310	23,862	107,172
41,986	10,836	52,822	Economy & Resources	46,428	3,385	49,813
(3,945)	160	(3,785)	Non-Distributable Costs	3,712	79	3,791
379,086	59,775	438,861	Net Cost Of Services	418,331	32,523	450,854
35,742	17,851	53,593	Other Operating Income & Expenditure	19,522	(4,079)	15,443
(411,195)	(17,909)	(429,104)	Taxation & Non-Specific Grant Income	(425,103)	(45,302)	(470,405)
(3,633)	59,717	63,350	(Surplus)/Deficit on the Provision of Services	12,750	(16,858)	(4,108)
(90,003)			Opening General Fund Balance at 1 April	(86,370)		
3,633			Add/Less (Surplus) or Deficit for the Year	12,750		
(86,370)			Closing General Fund Balance at 31 March	(73,620)		

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Note 1: Breakdown of Adjustments between Funding and Accounting Basis

2022/23 (restated)					2023/24					
Capital Purposes	Pensions	PPP /PFI	Other Differences	Total		Capital Purposes	Pensions	PPP /PFI	Other Differences	Total
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
16,288	6,394	(11,191)	(1,067)	10,424	Education & Learning	18,204	(67)	(11,246)	(2,143)	4,748
148	3,359	0	28	3,535	Social Work Services	118	23	0	(82)	59
297	4,231	0	40	4,568	Integration Joint Board (IJB)	342	55	0	(7)	390
21,453	8,759	0	40	30,252	Communities	23,953	128	0	(219)	23,862
3,960	6,846	0	30	10,836	Economy & Resources	3,252	250	0	(117)	3,385
160	0	0	0	160	Non-Distributable Costs	79	0	0	0	79
42,306	29,589	(11,191)	(929)	59,775	Net Cost of Services	45,948	389	(11,246)	(2,568)	32,523
(17,185)	(1,756)	7,849	28,943	17,851	Other Operating Income and Expenditure	(11,747)	(4,126)	10,458	1,336	(4,079)
(17,909)	0	0	0	(17,909)	Taxation & Non-Specific Grant Income	(45,302)	0	0	0	(45,302)
7,212	27,833	(3,342)	28,014	59,717	Difference between General Fund (surplus)/deficit and the Comprehensive Income and Expenditure (Surplus)/Deficit	(11,101)	(3,737)	(788)	(1,232)	(16,858)

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Note 2: Breakdown of Income and Expenditure Included in the Net Cost Of Services chargeable to the General Fund

This analysis reflects the income and expenditure of each service as reported to Service Committees and excludes the year end accounting transactions. This breaks down the net expenditure chargeable to the general fund included in the analysis above.

Service Income & Expenditure 2022/23 (restated)	Education & Learning £000	Social Work Services £000	Integration Joint Board £000	Communities £000	Economy & Resources £000	Non Distributable Costs £000	Total £000
Fees, charges & other service income	(495)	(512)	(125,708)	(21,475)	(9,825)	(637)	(158,652)
Grants	(24,775)	(6,630)	0	(34,836)	(13,092)	(1,250)	(80,583)
Total Income	(25,270)	(7,142)	(125,708)	(56,311)	(22,917)	(1,887)	(239,235)
Employee expenses	126,164	17,180	21,826	46,127	35,642	(4,865)	242,074
Other service expenses	45,379	16,187	194,297	88,316	29,261	2,807	376,247
Total Expenditure	171,543	33,367	216,123	134,443	64,903	(2,058)	618,321
Net Expenditure	146,273	26,225	90,415	78,132	41,986	(3,945)	379,086

Service Income & Expenditure 2023/24	Education & Learning £000	Social Work Services £000	*Integration Joint Board £000	Communities £000	Economy & Resources £000	Non Distributable Costs £000	Total £000
Fees, charges & other service income	(1,032)	(2,510)	(128,794)	(22,869)	(9,672)	(2,571)	(167,447)
Grants	(23,485)	(5,668)	0	(34,788)	(16,268)	(43)	(80,252)
Total Income	(24,517)	(8,178)	(128,794)	(57,657)	(25,940)	(2,614)	(247,700)
Employee expenses	135,906	18,657	24,521	50,341	38,014	1,947	269,386
Other service expenses	49,414	18,983	198,889	90,626	34,354	4,379	396,645
Total Expenditure	185,320	37,640	223,410	140,967	72,368	6,326	666,031
Net Expenditure	160,803	29,462	94,616	83,310	46,428	3,712	418,331

*The IJB income and expenditure figures are increased by £91,397k (£95,377k in 2022/23) to represent our contribution to the IJB and income is increased by the same amount to represent the funding received back from the IJB to support the provision of services. The net expenditure of £94,616k reflects the Services Commissioned by Dumfries and Galloway Council within the IJB accounts. Due to the inclusion of notional accounting adjustments (totalling £390k in 2023/24) the net expenditure reflected against the IJB within the Council's Income and Expenditure Account is £95,006k.

The negative expenditure reflected within Non-Distributable Costs in 2022/23 is due to the inclusion of IAS19 accounting transactions at the end of the year.

Prior Year restatement - The prior year figures have been restated to reflect the updated reclassifications of Income.

8. Key Items of Income and Expenditure

The following table provides an overall analysis of all key items of Income and Expenditure that is attributable to the Surplus or Deficit on the Provision of Services included within the Comprehensive Income and Expenditure Statement.

	2022/23 (restated)	2023/24
	£000	£000
Fee, charges & other service income	(139,227)	(167,447)
Interest & investment income	(2,128)	(4,816)
Income from Council Tax	(73,462)	(77,106)
Income from NDR	(51,388)	(60,313)
Grants & Contributions	(404,262)	(413,239)
Total Income	(670,467)	(722,921)
Employee expenses	270,735	267,207
Other service expenses	365,056	385,399
Depreciation, amortisation & impairment	42,305	45,948
Interest payments	26,699	18,840
Other (gains)/losses	29,022	1,419
Total Expenditure	733,817	718,813
(Surplus) or deficit on the Provision of Services	63,350	(4,108)

Revenue from Contracts with Service Recipients

The following table provides details on amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients. This is income received from external parties for goods or services that they have been provided.

	2022/23	2023/24
	£000	£000
Education & Learning	(435)	(574)
Social Work Services	(370)	(17)
Integration Joint Board	(10,766)	(11,856)
Communities	(8,259)	(9,280)
Economy & Resources	(2,284)	(2,395)
	(22,114)	(24,122)

9. Financing and Investment Income & Expenditure

The Financing and Investment Income & Expenditure in the Comprehensive Income & Expenditure Statement comprises the following elements:

	2022/23	2023/24
	£000	£000
Interest payable & similar charges	16,805	17,834
Net interest on the net defined benefit liability/ (asset)	9,894	1,006
Interest receivable & similar income	(2,128)	(4,816)
	24,571	14,024

10. Taxation and Non Specific Grant Income

The Taxation and Non Specific Grant Income in the Comprehensive Income & Expenditure Statement comprises the following elements:

	2022/23 £000	2023/24 £000
Council Tax income	(73,462)	(77,106)
Non-domestic rates redistribution	(51,388)	(60,313)
Non ring fenced government grants	(282,889)	(287,684)
Capital grant funding applied to support principle Loans repayment	(3,456)	(5,436)
Capital grants & contributions	(17,909)	(39,866)
	(429,104)	(470,405)

During 2022/23 and 2023/24 additional Capital Grant funding was received from the Scottish Government to support the additional cost of the 2022/23 pay award. As this has been received as capital funding this has been applied to support the principle loans repayment.

11. Agency Services

The Council bills and collects non-domestic rates on behalf of the Scottish Government. During 2023/24 the Council collected £58.570 Million (£53.696 Million in 2022/23) and received a contribution of £1.743 Million from the NDR pool (£2.308 Million was transferred to the NDR pool in 2022/23). The funding approach in relation to Non-Domestic Rates Property Relief was changed in 2023/24, with Local Authorities now receiving resources to support the application of this relief as part of the General Revenue Grant of the Local Government Finance Settlement. The total funding received to support the application of this relief was £1.196 Million, with the total relief applied in the year totalling £1.241 Million. These transactions have resulted in a Net Non-Domestic Rates income to the Council totalling £59.072 Million in 2023/24 (£51.388 Million in 2022/23) as reflected in the Non-Domestic Rates Account on page 110.

The Council bills and collects domestic water and wastewater charges on behalf of Scottish Water as part of its Council Tax billing and collection arrangements. During 2023/24 the Council transferred £25.1 Million (£22.8 Million in 2022/23) to Scottish Water. The Council has received £577K in relation to 2023/24 (£485K in 2022/23) for providing this service.

The Council acted as a delivery body for the Department for Business, Energy and Industrial Strategy in 2023/24, helping provide support to consumers with their energy costs over the winter period. The Council delivered support payments totalling £720k in 2023/24.

12. External Audit Fees

The external audit fee payable for 2023/24 was £413k (£390k in 2022/23). There were no non-audit fees payable in the year.

13. Grant Income

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

	*Restated 2022/23 £000	2023/24 £000
Credited to Taxation and Non-Specific Grant Income		
Council Tax income	(73,462)	(77,106)
Non-domestic rates redistribution	(51,388)	(60,313)
Capital grants & contributions	(17,909)	(39,866)
Capital grant funding – support principle Loans repayment	(3,456)	(5,436)
Non ring fenced Government grants	(282,889)	(287,684)
Total	(429,104)	(470,405)
Credited to Services		
DWP Housing Benefits	(30,684)	(30,743)
Criminal Justice Service	(3,605)	(3,713)
Home Efficiency Programmes for Scotland	(2,046)	(4,255)
Attainment Fund	(3,700)	(4,448)
Early Learning and Childcare	(16,336)	(14,835)
Economic Development Grants	(5,192)	(7,442)
Other Government Grants	(3,986)	(1,831)
Other Government Grants: NHS	(1,363)	0
Dalbeattie DBFM	(1,974)	(1,974)
Resettlement Grants	(2,062)	(3,827)
All Other Grants	(7,266)	(7,184)
Total	(78,214)	(80,252)

The prior year figures have been restated to reflect a re-classification of grant income. This change has resulted in a presentational adjustment to the categorisation between “Grants credited to Services” and “Fees, Charges & Other Service Income”. This presentational adjustment has no impact on the net position within the Expenditure and Funding Analysis note.

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14. Adjustments between Accounting Basis & Funding Basis under Regulations

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

	Adjustments to Comprehensive Income & Expenditure Statement				Unusable Reserves				
	General Fund balance	Capital Receipt Reserve	Capital Receipt & Grant Unapplied	Capital Fund	Capital Adjustm't Account	Financial Instrum'ts Adjustm't Account	Pensions Reserve	Employee Statutory Adjustm't Account	Net movem't in Unusable Reserves
Adjustments during 2022/23 (restated)	£000	£000	£000	£000	£000	£000	£000	£000	£000
• Charges for depreciation and impairment of non-current assets	(27,311)				27,311				27,311
• Amortisation of intangible assets	(8)				8				8
• Capital grants and contributions applied	17,909				(17,909)				(17,909)
• Net gain/(loss) on disposal of non-current assets	(29,022)				29,022				29,022
• Statutory repayment of debt (Loans Fund advances)	13,653				(13,653)				(13,653)
• Statutory repayment of debt (PFI/PPP)	3,343				(3,343)				(3,343)
• Capital expenditure charged in year to General Fund balance	130				(130)				(130)
• Capital receipts received during the year		(985)			985				985
• Use of the Capital Reserves to finance new capital expenditure		985		83	(1,068)				(1,068)
• Amount by which finance costs charged to the CIES are different to the amount of finance costs chargeable in the year in accordance with statutory requirem'ts	79					(79)			(79)
• Reversal of items relating to retirement benefits debited or credited to the CIES	(57,571)						57,571		57,571
• Employers' pension contributions and direct payments to pensioners payable in the year	29,738						(29,738)		(29,738)
• Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration charged in year in accordance with statutory requirements	929							(929)	(929)
Total Adjustments	(48,131)	0	0	83	21,223	(79)	27,833	(929)	48,048

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	Adjustments to Comprehensive Income & Expenditure Statement				Unusable Reserves				
	General Fund balance	Capital Receipts Reserve	Capital grant & receipt Unapplied	Capital Fund	Capital Adjustm't Account	Financial Instrum'ts Adjustm't Account	Pension Reserve	Employee Statutory Adjustm't Account	Net movem't in Unusable Reserves
Adjustments during 2023/24	£000	£000	£000	£000	£000	£000	£000	£000	£000
• Charges for depreciation and impairment of non-current assets	(32,209)				32,209				32,209
• Amortisation of intangible assets	(21)				21				21
• Capital grants and contributions applied	39,866				(39,866)				(39,866)
• Use of Capital Grant to Fund Loans Repayment	5,436			(5,436)					
• Net gain/(loss) on disposal of non-current assets	(1,419)				1,419				1,419
• Statutory repayment of debt (Loans Fund advances)	13,837				(13,837)				(13,837)
• Statutory repayment of debt (PFI/PPP)	788				(788)				(788)
• Capital expenditure charged in year to General Fund balance	183				(183)				(183)
• Capital receipts received during the year		(455)			455				455
• Use of the Capital Reserves to finance new capital expenditure		455		1,354	(1,809)				(1,809)
• Amount by which finance costs charged to the CIES are different to the amount of finance costs chargeable in the year in accordance with statutory requirem'ts	83					(83)			(83)
• Reversal of items relating to retirement benefits debited or credited to the CIES	(28,848)						28,848		28,848
• Employers' pension contributions and direct payments to pensioners payable in the year	32,585						(32,585)		(32,585)
• Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(27,183)				27,183				27,183
• Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration charged in year in accordance with statutory requirements	2,568							(2,568)	(2,568)
Total Statutory Adjustments	5,666	0	0	(4,082)	4,804	(83)	(3,737)	(2,568)	(1,584)

15. Transfers to/(from) Other Statutory Reserves

This note sets out the amounts set aside from the General Fund balances in statutory reserves, established under Schedule 3 of the Local Government (Scotland) Act 1975, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in the year.

Movements in 2022/23	General Fund	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied
	£000	£000	£000	£000	£000	£000
Capital Receipts Transfer to Capital Fund	3,413	0	(3,413)	0	0	0
Contribution to Repairs & Renewals from General Fund	0	0	0	0	0	0
Transfer to Repairs & Renewals from General Fund	(204)	0	0	204	0	0
Transfer to Insurance from General Fund	0	0	0	0	0	0
Interest on balances	193	0	(82)	(54)	(57)	0
	3,402	0	(3,495)	150	(57)	0

Movements in 2023/24	General Fund	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied
	£000	£000	£000	£000	£000	£000
Transfer from General Fund to fund new Capital Investment	4,335	0	(4,335)	0	0	0
Capital Receipts Transfer to Capital Fund	0	0	0	0	0	0
Transfer from Capital Fund to support Loans Fund Principle	(5,436)		5,436			
Adjustment to the statutory repayment of debt for service concession arrangements – permitted flexibility.	27,183	0	(27,183)	0	0	0
Transfer from Repairs & Renewals to General Fund	(1,433)	0	0	1,433	0	0
Transfer from Insurance to General Fund	(548)	0	0	0	548	0
Interest on balances	809	0	(506)	(135)	(168)	0
	24,910	0	(26,588)	1,298	380	0

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16. Property, Plant & Equipment

The movements on balances for Property, Plant & Equipment are shown in the following tables. Figures for 2022/23 are provided for comparison. This note has been restated to comply with statutory override 1 (Finance Circular 9/2022) whereby the gross book value and accumulated depreciation for infrastructure assets has been removed.

Movements in 2022/23 (restated)	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Assets Under Construction £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Infrastructure Assets £000
Gross Book Value at 1 April 2022	763,742	60,100	5,505	9,333	8,578	847,258	
Reclassifications of assets	0	0	0	0	0	0	
Assets reclassified (to)/ from Held for Sale	(1,172)	0	80	0	(1,156)	(2,248)	
Additions	11,718	4,094	463	2,015	26	18,316	12,076
Derecognition – disposals	(36,522)	(20,061)	0	0	0	(56,583)	0
Revaluation increase/ (decreases) recognised in the Revaluation Reserve	(5,290)	(2,353)	(242)	0	1,610	(6,275)	0
Revaluation losses recognised in the (surplus)/deficit on the provision of services	(1,795)	0	86	0	0	(1,709)	0
Impairment losses recognised in the revaluation reserves	0	0	0	0	0	0	0
Impairment losses recognised in the (surplus)/deficit in the provision of services	0	0	0	0	0	0	0
Gross Book Value at 31 March 2023	730,681	41,780	5,892	11,348	9,058	798,759	
Accumulated Depreciation at 1 April 2022	(72,359)	(37,990)	(918)	0	(280)	(111,547)	
Depreciation on reclassifications	0	0	0	0	0	0	
Depreciation on reclassification to Assets Held for Sale	146	0	0	0	269	415	
Depreciation charge for year	(29,507)	(5,310)	(207)	0	(46)	(35,070)	(12,093)
Depreciation written back on disposals	8,407	20,042	0	0	0	28,449	0
Depreciation written out to the Revaluation Reserve on revaluations	9,830	4,193	268	0	0	14,291	0
Depreciation written out on revaluation losses recognised in the (Surplus)/ Deficit on the Provision of Services	5,792	0	29	0	0	5,821	0
Depreciation written out to the Revaluation Reserve on impairments	0	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2023	(77,691)	(19,065)	(828)	0	(57)	(97,641)	
Net Book Value at 31 March 2023	652,990	22,715	5,064	11,348	9,001	701,118	140,366
Net Book Value at 31 March 2022	691,383	22,110	4,587	9,333	8,298	735,711	140,384

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Movements in 2023/24	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment	Infrastructure Assets
	£000	£000	£000	£000	£000	£000	£000
Gross Book Value at 1 April 2023	730,681	41,780	5,892	11,348	9,058	798,759	
Opening Adjustment (Removal of financing costs from valuations)	(16,283)	0	0	0	0	(16,283)	
Revised Gross Book Value at 1 April 2023	714,398	41,780	5,892	11,348	9,058	782,476	
Reclassifications of assets	(647)	842	0	(3,158)	1,711	(1,252)	1,252
Assets reclassified (to)/ from Held for Sale	(112)	0	(250)	0	(816)	(1,178)	0
Additions	17,569	3,959	454	3,422	0	25,404	15,423
Derecognition – disposals	(956)	(6,091)	0	0	0	(7,047)	(2,371)
Revaluation increase/ (decreases) recognised in the Revaluation Reserve	(17,236)	(796)	(14)	(3)	(385)	(18,434)	(4,089)
Revaluation losses recognised in the (surplus)/deficit on the provision of services	(8,215)	(872)	(753)	(5)	(912)	(10,757)	(5)
Impairment losses recognised in the revaluation reserves	(5,743)	0	0	0	0	(5,743)	0
Impairment losses recognised in the (surplus)/deficit in the provision of services	(2,090)	0	0	0	0	(2,090)	0
Gross Book Value at 31 March 2024	696,968	38,822	5,329	11,604	8,656	761,379	
Accumulated Depreciation at 1 April 2023	(77,691)	(19,065)	(828)	0	(57)	(97,641)	
Depreciation on reclassifications	164	1,252	0	0	(164)	1,252	(1,252)
Depreciation on reclassification to Assets Held for Sale	0	0	11	0	65	76	0
Depreciation charge for year	(26,944)	(5,333)	(207)	0	(21)	(32,505)	(12,324)
Depreciation written back on disposals	0	6,063	0	0	0	6,063	2,371
Depreciation written out to the Revaluation Reserve on revaluations	24,687	2,160	0	0	0	26,847	16,021
Depreciation written out on revaluation losses recognised in the (Surplus)/ Deficit on the Provision of Services	10,269	0	22	0	176	10,467	0
Depreciation written out to the Revaluation Reserve on Impairments	5,995	0	0	0	0	5,995	0
Depreciation written out on impairments recognised in the (Surplus)/ Deficit on the Provision of Services	1,367	0	0	0	0	1,367	0
Accumulated Depreciation at 31 March 2024	(62,153)	(14,923)	(1,002)	0	(1)	(78,079)	
Net Book Value at 31 March 2024	634,815	23,899	4,327	11,604	8,655	683,300	155,394
Net Book Value at 31 March 2023	652,990	22,715	5,064	11,348	9,001	701,118	140,366

The opening Gross book value has been adjusted by £16.3 Million to remove financing costs that had been included in the revaluation calculations for the Council's non-current assets.

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Depreciation

Depreciation has been provided for on non-current assets (other than assets under construction and assets held for sale) with a finite useful life which can be determined at the time of acquisition or revaluation. The depreciation methods and useful lives used within each category of non-current assets have been determined on an individual asset basis by the Council's internal valuers in line with the Royal Institute of Chartered Surveyors (RICS) recommended practice. The Council employed the following depreciation policies for each class of non-current asset held during the year:

Other Land & Buildings	Buildings depreciated on a Straight Line basis over up to 50 years
Vehicles, Plant, Furniture & Equipment	Depreciated on a Straight Line basis over up to 20 years
Infrastructure Assets	Depreciated on a Straight Line basis over up to 50 years
Community Assets	Depreciated on a Straight Line basis over up to 50 years
Surplus Assets	Depreciated on a Straight Line basis over up to 50 years

Valuations

Valuations are undertaken as part of a rolling programme which has been designed to ensure that each of the Council's non-current assets is revalued at least once every 5 years in line with statutory requirements. These valuations are undertaken in line with the professional standards of RICS. The valuations of the Council's non-current assets are undertaken by an external valuer, Colliers International Valuation UK LLP, who following a procurement process were awarded to undertake the Council's valuations commencing in 2020/21. The main bases of valuation can be summarised as follows:

Operational Land & Buildings	Current value based on existing use or depreciated replacement cost
Vehicles, Plant, Furniture & Equipment	Depreciated historic cost
Infrastructure Assets	Depreciated historic cost
Community Assets	Depreciated historic cost
Surplus Assets	Economic Benefit at Fair Value *
Assets Held for Sale	Fair value less costs to sell
Assets Under Construction	Historic cost

Infrastructure Assets – In line with Finance Circular 09/2022 (Statutory Override – Accounting for Infrastructure Assets) the Council has elected to apply both statutory overrides. These constitute: -

Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is required to be a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

* In 2016/17, the Code of Practice adopted IFRS13 Fair Value Measurement, providing a single definition of fair value for those assets and liabilities which can be or are required to be measured as such, for example surplus assets. There are 16 surplus assets (21 in 2022/23) valued at fair value measurement and these were measured using level 1 inputs in the fair value hierarchy.

The carrying value of assets is reviewed annually and where there has been significant investment in an asset, or where there are indications of impairment or significant change in BCIS indices/market valuations for a category of asset the revaluation of assets will be brought forward in the revaluation cycle to ensure the carrying value is not materially different to that if all assets had been revalued at 31 March of the reporting year. The following table outlines the progress of the Council's five year rolling programme of valuations.

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastru- cture Assets	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	3,392	23,899	155,039	0	11,604	0	193,934
Valued at fair value as at:							
31 March 2024	175,386	0	0	388	0	535	176,309
31 March 2023	57,910	0	0	1,218	0	6,638	65,766
31 March 2022	91,228	0	0	80	0	0	91,308
31 March 2021	137,061	0	0	2,209	0	1,479	140,749
31 March 2020	169,838	0	355	432	0	3	170,628
Total Cost or Valuation	634,815	23,899	155,394	4,327	11,604	8,655	838,694

Capital Commitments

At 31 March 2024, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant & Equipment. In 2024/25 this is budgeted to cost £9.554 Million The major commitments are:

Property, Plant & Equipment	Project Description	Commitment £000
George Hotel, Stranraer	Refurbishment	6,075
Kirkcudbright Academy	Refurbishment	391
Park Primary School	Refurbishment	157
Beattock Primary School	Refurbishment	724
Various Schools	Reinforced Autoclaved Aerated Concrete works	441
Play Parks	Upgrading of Play Equipment	429
Commerce Road Depot, Stranraer	Refurbishment	195
Household Waste Recycling Centres	Purchase of Welfare Units	248
Road Improvement – route C61a	Road Improvements	435
Stranraer Marina	Design Works	309
Whitesands Flood Protection Scheme	Design Works	150
Total		9,554

17. Other Assets – Intangible, Heritage and Assets Held For Sale

The movements on Intangible, Heritage and Assets Held for Sale are shown in the following table. Figures for 2022/23 have been provided for comparison.

	Intangible Assets		Heritage Assets		Assets Held For Sale	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation</u>						
Balance at 1 April	2,965	76	2,350	2,356	962	1,099
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	2,248	1,178
Additions	0	280	0	8	156	288
Derecognition - Disposals	(2,889)	0	0	0	(2,287)	(1,107)
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	0	6	0	20	(30)
Revaluation increases/ (decreases) in the CIES	0	0	0	0	0	(59)
Balance at 31 March	76	356	2,356	2,364	1,099	1,369
<u>Accumulated Depreciation</u>						
Balance at 1 April	(2,943)	(61)	0	0	(5)	(29)
Eliminated on the reclassification of Assets Held For Sale	0	0	0	0	(415)	(76)
Depreciation / Amortisation Charge	(7)	(21)	0	0	0	0
Depreciation - Disposals	2,889	0	0	0	387	32
Depreciation written out to the Revaluation Reserve	0	0	0	0	4	24
Depreciation written out to the Surplus / Deficit on Provision of Services	0	0	0	0	0	(21)
Balance at 31 March	(61)	(82)	0	0	(29)	(70)
Net Book Value at 31 March	15	274	2,356	2,364	1,070	1,299

18. Capital Expenditure & Financing

The total amount of capital expenditure incurred in the year and the resources that have been used to finance it are shown below. The Capital Financing Requirement (CFR) reflects the Council's underlying need to borrow to fund capital expenditure.

	2022/23 £000	2023/24 £000
Opening Capital Investment Requirement	386,112	381,075
In Year Adjustment	0	0
Capital Investment		
Property, Plant & Equipment – non PFI/PPP assets	30,548	41,395
Property, Plant & Equipment – PFI/PPP/DBFM assets	0	0
Heritage assets	0	8
	30,548	41,403
Financed as follows:		
Capital receipts	985	455
Government grants & other contributions	16,656	40,256
Application of Service Concessions Fiscal Flexibility	0	(27,182)
Loans Fund principal	13,653	13,837
Direct revenue contributions	4,291	1,983
	35,585	29,349
Closing Capital Requirement	381,075	393,129
Explanation of movements in the year:		
In Year Adjustment	0	0
Increase/(decrease) in underlying need to borrow	(1,694)	(14,340)
Increase/(decrease) in relation to PFI/PPP arrangements	(3,343)	26,394
Increase/(decrease) in Capital Financing Requirement	(5,037)	12,054

The Council has applied the fiscal flexibility to its service concession arrangements, as detailed in Local Government Finance Circular 10/2022, where the authority has recognised the principal repayments for service concession arrangements over the asset life rather than the contractual term.

19. Long Term Debtors

The Long Term Debtors identified in the Balance Sheet comprise of the following elements:

	2022/23 (restated)			2023/24		
	Gross Debtors £000	Provision for debt impairment £000	Net Debtors £000	Gross Debtors £000	Provision for debt impairment £000	Net Debtors £000
Scottish Police Authority	6,898	0	6,898	6,554	0	6,554
Scottish Fire & Rescue Service	1,938	0	1,938	1,778	0	1,778
Other entities & individuals	229	(43)	186	176	(33)	143
Total Long Term Debtors	9,065	(43)	9,022	8,508	(33)	8,475

20. Short Term Debtors

The Short Term Debtors identified in the Balance Sheet comprise of the following elements:

	Gross Debtors	2022/23 Provision for debt impairment	Net Debtors	Gross Debtors	2023/24 Provision for debt impairment	Net Debtors
	£000	£000	£000	£000	£000	£000
Scottish Government bodies	5,028	0	5,028	4,542	0	4,542
Central Government bodies	5,874	0	5,874	5,636	0	5,636
Other local authorities	23	0	23	430	0	430
NHS bodies	0	0	0	42	0	42
Public corporations	6	0	6	362	0	362
Other entities and individuals	16,223	(5,237)	10,986	16,263	(5,358)	10,905
	27,154	(5,237)	21,917	27,275	(5,358)	21,917
Council Tax	14,958	(14,744)	214	16,120	(15,331)	789
Non-Domestic Rates	4,836	0	4,836	7,916	0	7,916
Total Short Term Debtors	46,948	(19,981)	26,967	51,311	(20,689)	30,622

21. Cash & Cash Equivalents

The balance of Cash & Cash Equivalents identified in the Balance Sheet comprises of the following elements:

	2022/23	2023/24
	£000	£000
Cash held by the Council	50	62
Bank current accounts	15,440	2,038
Short-term deposits with Financial Institutions	21,004	19,055
Amounts held on behalf of Clients	0	525
Total Cash & Cash Equivalents	36,494	21,680

22. Short Term Creditors

The Short Term Creditors identified in the Balance Sheet comprise of the following elements:

	2022/23				2023/24			
	Trade creditors	Receipts in advance	Other creditors	Total Creditors	Trade creditors	Receipts in advance	Other creditors	Total Creditors
	£000	£000	£000	£000	£000	£000	£000	£000
Scottish Government bodies	0	(12,401)	(265)	(12,666)	0	(7,015)	(1,563)	(8,578)
Central Government bodies	0	(2,477)	0	(2,477)	0	(7,532)	(201)	(7,733)
Other Local Authorities	(7)	(7)	0	(14)	(294)	0	0	(294)
NHS bodies	(0)	(4)	0	(4)	0	(191)	0	(191)
Public Corporations	(2)	(5)	0	(7)	0	(844)	0	(844)
Payroll	0	0	(21,218)	(21,218)	0	0	(16,554)	(16,554)
IJB	0	(9,606)	0	(9,606)	0	(5,369)	0	(5,369)
Other entities & individuals	(10,160)	(3,804)	(8,785)	(22,749)	(11,657)	(3,303)	(8,017)	(22,977)
Total Short Term Creditors	(10,169)	(28,304)	(30,268)	(68,741)	(11,951)	(24,254)	(26,335)	(62,540)

23. Short Term Liabilities

The Short Term Liabilities identified in the Balance Sheet comprise of the following elements:

	2022/23 £000	2023/24 £000
PPP/DBFM liabilities	(3,389)	(3,730)
	(3,389)	(3,730)

24. Provisions

Short term provisions are identified in the Balance Sheet. This note provides more detailed information on the provisions made by the Council.

	Balance at 31 March 2023 £000	Amount used in year £000	Additional provision made in year £000	Balance at 31 March 2024 £000
Providers Sustainability Payments	(462)	462	0	0
Early Retirement/Voluntary Severance (ERVS)	0	0	118	118
Total Provisions	(462)	462	118	118

Provider Sustainability Payments

The Scottish Government provided additional resources to Health & Social Care partnerships in 2021/22 to support the provision of Provider Sustainability Payments to those Social Care Providers who have sustained significant financial impacts associated with the COVID-19 pandemic. As all requirements associated with this funding have now been met the provision of £462k has been released to the Integration Joint Board during 2023/24.

Early Retirement/Voluntary Severance (ERVS)

In 2023/24 the Council agreed to an early retirement/voluntary severance (ERVS) where the agreed retirement date is after 31 March 2024. A provision of £118k has been created in respect of the estimated costs of the Strain on the Fund which will be reimbursed to the Pension fund after the retirement date.

25. Private Finance Initiatives & Similar Contracts

Smarter Schools PPP/DBFM Projects

In January 2008 the Council signed a 30-year Smarter Schools PPP contract with E4D&G, a project company formed by Amey Ventures Investments Limited and Currie & Brown (Investments D&G) Limited. The project company will provide ten schools over eight sites in Dumfries & Galloway. E4D&G will provide building maintenance, grounds maintenance and a range of facility management services over the life of the project.

In January 2016 the Council also signed a 25 year DBFM contract with Hub SW Dalbeattie DBFM Co Limited to build a new Dalbeattie Learning Campus. Hub SW Dalbeattie DBFM Co Limited will also provide a degree of ongoing maintenance to October 2042.

Property, Plant & Equipment

The assets used to provide services under the contract are recognised in the Council's Balance Sheet. Movements in their value are detailed below and are included under "Other Land & Buildings" in Note 16.

	PPP/DBFM Schools	
	2022/23	2023/24
Cost or Valuation		
At 1 April	145,915	146,305
Additions	0	0
Revaluations	390	0
At 31 March	146,305	146,305
Accumulated Depreciation at 1 April	(11,906)	(11,935)
Depreciation charge for year	(5,037)	(4,452)
Depreciation Written Out on Revaluations	5,008	0
Accumulated Depreciation at 31 March	(11,935)	(16,387)
Net Book Value at 31 March	134,370	129,918

Liabilities

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

	PPP/DBFM Schools	
	2022/23	2023/24
	£000	£000
Balance outstanding at the start of the year	104,439	101,096
Payments during the year	(3,343)	(3,389)
Balance outstanding at year end	101,096	97,707

The above figures represent the cash payments due to E4D&G and Hub SW Dalbeattie DBFM Co Limited. The Council has applied the fiscal flexibility to its service concession arrangements, as detailed in Local Government Finance Circular 10/2022, where the authority has recognised the principal repayments for service concession arrangements over the asset life rather than the contractual term. The amount still to be financed through the Comprehensive Income and Expenditure Statement is £127.491 Million.

Payments

The Council makes an agreed payment each year. The payment is increased annually for inflation and can be reduced if the contractor fails to meet performance standards set in the contract. The projected future payments due under the PPP and DBFM agreements are as follows:

	Payments for Services	Finance Interest	Repayment of Liability	Contingent Rentals	Total
	£000	£000	£000	£000	£000
Payments due within one year	8,605	6,630	3,729	1,145	20,109
Payments due within two to five years	37,498	23,766	17,131	4,926	83,321
Payments due within six to ten years	52,701	22,240	28,550	7,715	111,206
Payments due within eleven to fifteen years	60,089	10,437	40,114	9,362	120,002
Payments due within sixteen to twenty years	8,261	722	8,183	895	18,061
Payments due within twenty one to twenty five years	0	0	0	0	0
	167,154	63,795	97,707	24,043	352,699

26. Termination Benefits

In 2023/24 the Council agreed to the early retirement of two individuals under the early retirement/voluntary severance (ERVS) scheme and one flexible retirement under the Council's flexible retirement policy. As a result, one off costs of £320k were incurred in the year wholly associated with the reimbursement to the Pension Fund in relation to the strain on the fund.

There were no termination benefits paid in 2022/23.

27. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The liabilities detailed in the tables below include the potential additional liabilities in relation to the McCloud Ruling.

The Council participates in the following separate pension schemes:

- **The Local Government Pension Scheme (LGPS)** for administrative and manual employees is administered locally by Dumfries & Galloway Council. This is a funded defined benefit career average revalued earning (CARE) scheme, which operates through both the Council and employees paying contributions into the fund with the contribution rates set at a level intended to balance pensions liabilities against investment assets.
- **The Teachers Pension Scheme** for teachers is a defined benefit scheme administered by the Scottish Government. Further details on the scheme are provided in Note 28.

The Dumfries and Galloway Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) and the governance of the scheme is the responsibility of the Pensions Sub Committee of Dumfries and Galloway Council. Policy is determined in accordance with the relevant LGPS regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

Discretionary / unfunded post-retirement benefits

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

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and Movement in Reserves Statement:

	LGPS	
	2022/23 £000	2023/24 £000
<u>Comprehensive Income & Expenditure Statement</u>		
Included within the Net Cost of Services:		
• current service cost	54,488	27,469
• past service costs (including curtailments)	0	373
• effects from settlements	(6,811)	0
Included within Financing and Investment Income & Expenditure:		
• net interest expense	9,894	1,006
Total post-employment benefits charged to (Surplus) or Deficit on the Provision of Services	57,571	28,848
Other post-employment benefits charged to the CIES, included in remeasurement of the net defined liability:		
• return on plan assets (excluding the amount included in the net interest expense)	69,034	(50,809)
• actuarial (gains) & losses arising on changes in demographic assumptions	(9,653)	(13,675)
• actuarial (gains) & losses arising on changes in financial assumptions	(493,828)	(36,683)
• other	59,939	92,316

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IFRIC 14 Asset Ceiling Adjustment	0	0
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(316,937)	19,997
Movement in Reserves Statement		
Reversal of net charges made to the (Surplus) or Deficit on Provision of Services for post-employment benefits in accordance with the Code	(57,571)	(28,848)
Actual amount charged against the General Fund Balance for pensions in the year		
• employers' contributions payable to scheme	24,974	27,099

Pension assets and liabilities recognised in the Balance Sheet

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

	LGPS	
	2022/23	2023/24
	£000	£000
Present value of the defined benefit obligation	950,662	1,021,649
Fair value of plan assets	(927,328)	(1,010,609)
IFRIC 14 Asset Ceiling Adjustment	0	0
Net liability arising from defined benefit obligation	23,334	11,040
Unfunded liabilities included within defined benefit obligation	79,723	79,193
Net Pensions asset reflected in the Balance Sheet	(56,389)	(68,153)

Reconciliation of the movements in the fair value of scheme (plan) assets

	LGPS	
	2022/23	2023/24
	£000	£000
Opening fair value of scheme assets	985,476	927,328
Interest income	26,515	44,043
Remeasurement gain/(loss):		
• the return on plan assets, excluding the amount included in the net interest expense	(69,034)	50,809
• other	(16,766)	(7,426)
Contributions from employers	29,780	32,291
Contributions from employees into the scheme	6,834	7,385
Benefits paid	(35,477)	(43,821)
Closing fair value of scheme assets	927,328	1,010,609

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded Liabilities LGPS	
	2022/23	2023/24
	£000	£000
Opening balance at 1 April	1,355,527	950,662
Current service cost	54,488	27,469
Interest cost	36,409	45,049
Contribution from scheme participants	6,834	7,385
Remeasurement (gains) & losses:		
• actuarial (gains) & losses arising on changes in demographic assumptions	(9,653)	(13,675)
• actuarial (gains) & losses arising on changes in financial assumptions	(493,828)	(36,683)
• other experience	59,939	84,890
Past service cost	0	0
Effect of settlements	(23,577)	373
Benefits paid	(35,477)	(43,821)
Closing balance at 31 March	950,662	1,021,649

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	2022/23		2023/24	
	Quoted £000	TOTAL £000	Quoted £000	TOTAL £000
Cash & cash equivalents	4,052	4,052	11,297	11,297
Real Estate				
• UK Property	147,636	147,636	0	0
	147,636	147,636	0	0
Other investment funds				
• equities	533,128	533,128	474,652	474,652
• bonds	242,512	242,512	240,812	240,812
• other	0	0	283,874	283,874
	775,640	775,640	999,312	999,312
Total assets	927,328	927,328	1,010,609	1,010,609

All scheme assets have quoted prices in active markets.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The independent actuaries appointed by the Council, Hymans Robertson, have assessed the liabilities of the Council based on the latest valuation of the scheme as at 31 March 2023. The principal assumptions used by the actuary have been:

Financial Assumptions	LGPS	
	2022/23	2023/24
Long term expected rate of return on assets in the scheme	4.75%	4.8%
Mortality assumptions		
• longevity at 65 for current pensioners		
o men	20.4 years	20.6 years
o women	23.1 years	23.1 years
• longevity at 65 for future pensioners		
o men	21.4 years	21.2 years
o women	24.9 years	24.9 years
Rate of increase in salaries	3.75%	3.50%
Rate of increase in pensions	2.95%	2.80%
Rate for discounting scheme liabilities	4.75%	4.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from the previous year.

Changes in assumptions	Approx % increase to defined benefit obligation	Approx Monetary amount £000
0.1% increase in the Salary Increase Rate	0%	2,062
0.1% increase in the Pensions Increase Rate (CPI)	1%	14,688
0.1% decrease in the Real Discount Rate	2%	16,479
1 year increase in member life expectancy	4%	40,866

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Dumfries & Galloway Council is subject to a stability mechanism whereby annual increases or decreases in employer contributions are limited to +0.5%/-1% per annum. The last triennial valuation was undertaken as at 31 March

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2023 and indicated that the Pension Fund was now in surplus (122% funded). This has allowed the Council contribution rate to reduce by 1% per annum for the next 3 years. The next triennial valuation is due to be completed on 31 March 2026.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2025 is £25.868 million.

28. Pension Schemes Accounted for as Defined Contribution Schemes

(a) Dumfries and Galloway Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The 2016 valuation set employer contribution rates at 23.0% from 1 September 2019 until 31 March 2023, although the UK Government has since stated that the rates would continue until 31 March 2024. Member contributions continued at the same rates within a range of 7.2% to 11.9% and are anticipated to deliver a yield of 9.4%.

(b) Dumfries and Galloway Council has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme

(d)(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Dumfries and Galloway Council is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2022 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age.

Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) Dumfries and Galloway Council's level of participation in the scheme is 2.3% based on the proportion of employer contributions paid in 2022-23.

The amounts paid to the Scottish Public Pensions Agency in 2023/24 amounted to £6.96 Million (£6.58 Million in 2022/23) being deducted from employees and £16.87 Million (£16.3 Million in 2022/23) funded from the Council as the employer.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. The total added years discretionary payments made to former teachers in 2023/24 amounted to £2.41 Million (£2.26 Million in 2022/23).

29. Dumfries & Galloway Council Pension Fund

Dumfries & Galloway Council is the administering authority for the Local Government Pension Scheme. The Council is responsible for the Dumfries & Galloway Council Pension Fund. The Pension Fund members include most of the employees of the Council (excluding Teachers), four scheduled bodies and five admitted bodies. The Local Government Pension Scheme Amendment (Scotland) Regulations 2008 require an administering authority to publish a pension fund annual report as a separate document, which are available on the Council's website.

30. Usable Reserves

The following table lists the Usable Reserves held by the Council. This table summarises the movements which are included in the Movement in Reserves Statement, Note 14 Adjustments Between Accounting Basis and Funding Basis Under Regulations, and Note 15 Transfers to/(from) Other Statutory Reserves. Further information on the purpose and movements on each reserve is detailed after the following table.

	Balance as at 31/3/23 £000	Balance as at 31/3/24 £000
Capital Receipts Reserve	0	0
Capital Fund	(8,183)	(38,853)
Repairs & Renewals Fund	(2,975)	(1,677)
Insurance Fund	(3,629)	(3,249)
General Fund	(86,370)	(73,620)
Capital Grants & Receipts Unapplied	0	0
	(101,157)	(117,399)

Capital Receipts Reserve

The Capital Receipts Reserve represents resources generated through the sale of capital assets which are available to the Council to be spent on capital projects and approved expenses.

	2022/23 £000	2023/24 £000
Balance at 1 April	0	0
Amounts received in year	(985)	(455)
Amounts applied to fund new capital investment	985	455
Amounts Transferred to the Capital Fund	0	0
Amount Transferred to Capital Grant & Receipts Unapplied	0	0
Balance at 31 March	0	0

Capital Fund

The Capital Fund represents the amount set aside by the Council to fund expenditure on non-current assets.

	2022/23 £000	2023/24 £000
Balance at 1 April	(4,771)	(8,183)
Transfers to/(from) General Fund	(3,413)	1,101
Application of Service Concessions	0	(27,183)
Amounts applied to fund new capital investment	83	1,354
Capital Grant to Fund Loans Fund repayment	0	(5,436)
Unapplied Capital Grants and Contributions	0	0
Interest on balances	(82)	(506)
Balance at 31 March	(8,183)	(38,853)

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Repairs & Renewals Fund

The Repairs & Renewals Fund represents amounts set aside to fund expenditure incurred in repairing, maintaining, replacing and renewing non-current assets.

	2022/23 £000	2023/24 £000
Balance at 1 April	(3,125)	(2,975)
Transfer to/(from) General Fund	204	1,433
Interest on balances	(54)	(135)
Balance at 31 March	(2,975)	(1,677)

Insurance Fund

The Council has a self-insurance policy in respect of all liability claims intimated against the Council and all motor claims involving the Council's fleet. This means that the first £50,000 arising on each claim is payable by the Council. In order to limit the total cost to the Council in any one financial year, a stop-loss policy exists with the insurers. The main purpose of the Insurance Fund is to meet the cost to the Council of self-insured claims and associated expenses.

	2022/23 £000	2023/24 £000
Balance at 1 April	(3,572)	(3,629)
Transfer to/(from) General Fund	0	548
Interest on balances	(57)	(168)
Balance at 31 March	(3,629)	(3,249)

Capital Grants and Receipts Unapplied

The Capital Grants and Receipts Unapplied Account represents resources generated through the sale of capital assets or Capital Grants which have not yet been applied to support Capital Projects. These amounts are then transferred to the Capital Fund to ensure they are available to support future capital expenditure.

	2022/23 £000	2023/24 £000
Balance at 1 April	0	0
Amounts Received in year not applied to Capital Expenditure	0	0
Amounts Transferred to the Capital Fund	0	0
Balance at 31 March	0	0

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General Fund

General Fund balances are a fundamental part of prudent financial management. The following table identifies those amounts that have already been set aside for specific purposes and those which remain 'unallocated' to be used to resource unforeseen expenditure demands, to assist cash flow management and to be used in the Council's medium to longer term financial planning.

	Balance at 31 March 2023 £000	Reserves Review (Aug 23) £000	Transfers In £000	Transfers Out £000	Presentation Adjustments £000	Balance at 31 March 2024 £000
Service Concessions Reserve	(14,050)	0	0	1,099	997	(11,954)
Schools PPP	0		(216)	0	(284)	(500)
Waste Review Reserve	(1,992)	0	0	1,084	0	(908)
Affordable Social Housing (2nd Homes Discount)	(3,499)	0	(1,281)	1,509	0	(3,271)
Planning & Development Reserve	(1,757)	0	0	252	0	(1,505)
Digital Transformation Reserve	(984)	0	(98)	432	0	(650)
Devolved School Management Reserve	(1,378)	0	0	177	0	(1,201)
Severe Weather Emergency Fund	(500)	0	0	0	0	(500)
Social Work Support Fund	(1,000)	0	0	0	0	(1,000)
AEF Funding	(9,307)	2,675	(973)	3,650	914	(3,041)
Policy Development Funding	(2,117)	301	(88)	538	63	(1,303)
Anti-Poverty/Cost of Living	(1,558)	0	(2)	110	20	(1,430)
Economic Recovery	(1,202)	0	0	665	0	(537)
Young Persons Employability	(545)	(1,884)	0	34	102	(2,293)
Financial Wellbeing & Revenues Additional Resources	(657)	0	0	374	0	(283)
FPT Implementation Plan Resourcing	(745)	0	0	591	154	0
Additional Roads Service Resources	(973)	(715)	0	1,688	0	0
Employment Issues	(500)	0	0	263	0	(237)
Budget Pressures/ Resilience Funding	(4,970)	0	0	0	(1,706)	(6,676)
Corporate Change Fund	(4,854)	0	0	2,023	(6,511)	(9,342)
Roads Winter Additional Resources	(715)	715	0	0	0	0
Medium Term Financial Planning (formerly unallocated for members consideration)	(14,008)	(1,136)	(2,127)	2,267	5,004	(10,000)
Education ASN/Technology Investment	(5,282)	0	0	2,373	0	(2,909)
Earmarked/Committed Amounts	(5,177)	44	(792)	1,878	800	(3,247)
Additional Support for Learning	0	0	(1,733)	0	0	(1,733)
Available for Allocation	0	0	(947)	0	947	0
Unallocated Balance	(8,600)	0	0	0	(500)	(9,100)
Total Allocated / Committed Funds	(86,370)	0	(8,257)	21,007	0	(73,620)

31. Unusable Reserves

The following table lists the Unusable Reserves held by the Council. This table summarises the movements which are included in the Movement in Reserves Statement and Note 14 Adjustments Between Accounting Basis and Funding Basis Under Regulations. Further information on the purpose of and movements on each reserve is detailed after the following table.

	Balance as at 31/3/23 £000	Balance as at 31/3/24 £000
Capital Adjustment Account	(176,671)	(172,783)
Revaluation Reserve	(296,016)	(285,050)
Financial Instruments Adjustment Account	215	132
Pensions Reserve	23,334	11,040
Employee Statutory Adjustment Account – Employee Benefits	4,379	1,811
Total Unusable Reserves	(444,759)	(444,850)

Capital Adjustment Account

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

The Account contains revaluation gains accumulated on Property, Plant & Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2022/23 (restated) £000	2023/24 £000
Balance at 1 April	(176,567)	(176,671)
Depreciation & impairment of non-current assets	27,311	32,209
Amortisation of intangible assets	8	21
Value of assets sold, disposed or decommissioned	7,695	503
Capital receipts applied to finance new capital expenditure	(1,068)	(1,809)
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement	(21,365)	(45,302)
Capital grants applied to support principal repayment	3,456	5,436
Loans Fund principal repayments	(13,653)	(13,837)
Statutory repayment of debt (PFI/PPP)	(3,343)	(788)
Application of Service Concessions Fiscal Flexibility	0	27,183
Capital expenditure financed from current revenue	(130)	(183)
Capital receipts received during the year	985	455
Other adjustments	0	0
Balance at 31 March	(176,671)	(172,783)

Revaluation Reserve

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

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

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

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	2022/23 (restated) £000	2023/24 £000
Balance at 1 April	(326,047)	(296,016)
Opening Balance Adj – removal of financing costs from asset valuations	0	16,283
Upward revaluations of assets	(9,343)	(32,549)
Downward revaluation of assets & impairments not charged to the (Surplus)/		
Deficit on the Provision of Services	2,050	11,958
Difference between fair value depreciation and historical cost depreciation	14,988	13,718
Accumulated gains on assets disposed of	22,336	1,556
Balance at 31 March	(296,016)	(285,050)

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.

	2022/23 £000	2023/24 £000
Balance at 1 April	294	215
Amounts by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(79)	(83)
Balance at 31 March	215	132

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for the cost of retirement benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees. However statutory arrangements require the benefits earned to be financed as the Council makes employers' contributions to the Dumfries & Galloway Council Pension Fund.

	2022/23 £000	2023/24 £000
Balance at 1 April	370,051	23,334
Remeasurement of net defined liability/ (asset)	(374,550)	(8,557)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	57,571	28,848
Employer's pension contributions payable in year	(29,738)	(32,585)
Balance at 31 March	23,334	11,040

Employee Statutory Adjustment Account - Employee Benefits

The Employee Statutory Adjustment Account (Employee Benefits) absorbs the differences that would otherwise have arisen on the General Fund Balances from accruing for compensated absences earned but not taken at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to and from the Account.

	2022/23 £000	2023/24 £000
Balance at 1 April	5,308	4,379
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(929)	(2,568)
Balance at 31 March	4,379	1,811

32. Leases

Council as Lessee

No assets were leased under finance leases in 2023/24.

The Council has entered into operating leases for vehicles, photocopiers, buildings and equipment.

The minimum lease payments due under non-cancellable leases in future years are shown in the following table.

	At 31 March 2023 £000	At 31 March 2024 £000
Not later than one year	1,603	889
Later than one year and not later than five years	2,484	2,572
Later than five years	1,861	1,523
	5,948	4,984

The expenditure charged to the Comprehensive Income & Expenditure Statement during the year in relation to leases was:

	2022/23 £000	2023/24 £000
Minimum lease payments	3,615	3,559
	3,615	3,559

Council as Lessor

Finance leases

The Council currently has a finance lease receivable in relation to the Crichton Estate which has been leased to the Crichton Trust until 2170 at a cost of £10 per annum. Whilst, the assets do not transfer to the trust at the end of the lease term as under a typical finance lease, given that the lease is deemed to be for the entire useful economic life of the asset, it is treated as such. The income due from this lease is £1K (£1K in 2022/23).

The Council leases out property under operating leases for economic development purposes to provide suitable, affordable accommodation for local businesses. The Council received income of £1.079 Million (£0.818 Million 2022/23) from operating leases related to land and buildings.

The future minimum lease payments receivable under non-cancellable leases in future years are shown in the table below.

	At 31 March 2023 £000	At 31 March 2024 £000
Not later than one year	(579)	(637)
Later than one year and not later than five years	(179)	(179)
Later than five years	(266)	(266)
	(1,024)	(1,082)

33. Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities, such as trade receivables (debtors) and trade payables (creditors), and the most complex ones such as derivatives and embedded derivatives.

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Categorisation

The following categories of financial instruments are carried on the Balance Sheet:

	Long Term		Current		Total	
	31 March 2023 (restated) £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
Financial assets at Amortised Cost						
Investments	855	816	0	0	855	816
Debtors	9,022	8,475	13,083	11,183	22,105	19,658
Cash & cash equivalents	0	0	36,494	21,680	36,494	21,680
Total Financial Assets	9,877	9,291	49,577	32,863	59,454	42,154
Financial Liabilities at Amortised Cost						
Borrowing	(167,850)	(157,812)	(11,763)	(13,855)	(179,613)	(171,667)
PFI/PPP liabilities	(97,707)	(93,978)	(3,389)	(3,730)	(101,096)	(97,708)
Creditors	0	0	(40,437)	(38,286)	(40,437)	(38,286)
Total Financial Liabilities	(265,557)	(251,790)	(55,589)	(55,871)	(321,146)	(307,661)

Reclassifications Between Categories

The Council did not reclassify any financial assets or liabilities between categories during the year, or during 2023/24.

Income, Expense, Gains and Losses

The income, expense, gains and losses for financial instruments recognised in the Comprehensive Income & Expenditure Statement are as follows:

	<u>Financial Assets</u>		<u>Financial Liabilities</u> Liabilities measured at amortised cost		Total	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Interest expense	0	0	16,805	17,834	16,805	17,834
Total expense in (Surplus) or Deficit on the Provision of Services	0	0	16,805	17,834	16,805	17,834
Interest income	(2,128)	(4,816)	0	0	(2,128)	(4,816)
Total income in (Surplus) or Deficit on the Provision of Services	(2,128)	(4,816)	0	0	(2,128)	(4,816)
Net (gain)/ loss for year	(2,128)	(4,816)	16,805	17,834	14,677	13,018

Fair Value of Assets & Liabilities

Financial assets (represented by lending and debtors) and financial liabilities (represented by borrowing and creditors) are carried on the Balance Sheet at amortised cost. Financial assets and liabilities are required to be calculated at fair value based on the fair value hierarchy. The hierarchy has 3 levels:

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

All assets and liabilities are measured at level 2 (other than those at amortised cost). Their fair value can be assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining term of the instruments, using the following assumptions:

- Loan rates for each loan,
- No early repayment or impairment is recognised,
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value,
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value is based on the comparable new borrowing/ deposit rate for the same financial instruments from a comparable lender. The rates quoted in this valuation were obtained by the Council's Treasury Management consultants from the market on 31 March 2024 using the following assumptions:

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- For Public Works Loan Board (PWLB) debt, the discount rate used is the rate for new borrowing.
- For PPP/PFI, other market debt the discount rate used is the rate available for an instrument with the same terms from a comparable lender

The fair values calculated are as follows:

	31 March 2023		31 March 2024	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value at Level 2 £000
<u>Financial assets</u>				
Investments	855	855	816	816
Debtors	22,105	22,105	19,658	19,658
Cash & cash equivalents	36,494	36,494	21,680	21,680
Total Financial Assets	59,454	59,454	42,154	42,154

	31 March 2023		31 March 2024	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value at Level 2 £000
<u>Financial liabilities</u>				
Borrowing	(179,613)	(178,537)	(171,667)	(157,004)
PFI/PPP liabilities	(101,096)	(131,171)	(97,708)	(121,683)
Creditors	(40,437)	(40,437)	(38,286)	(38,286)
Total Financial Liabilities	(321,146)	(350,145)	(307,661)	(316,973)

The fair value of the financial liabilities is more than the carrying amount because the Council's loan portfolio includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the debt. The figures above are based on market rates, however, PWLB loans have special characteristics in that the interest rates are based on the government's cost of borrowing, rather than market rates, and a penalty charge is payable on early repayment, over and above the economic cost to the lender. In this instance the fair value of borrowing above would change to £179,741k.

34. Nature & 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 Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they are on the Council's approved lending list. This list is under constant review. The list is based on a credit rating matrix produced by the Treasury Management Consultants and reflects ratings supplied from independent credit rating agencies. The approved lending list defines maximum periods and amounts that can be deposited with specific counterparties. The Council has a policy of not lending more than £25 Million of its surplus balances to any one institution.

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

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	Amount at 31 March 2024	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2024	Estimated maximum exposure to default & uncollectability at 31 March 2024	Estimated maximum exposure to default & uncollectability at 31 March 2023
	£000	%	%	£000	£000
Deposits with banks & financial institutions	21,093	0	0	0	0
Customers	4,801	10	10	480	442

No credit limits were exceeded during the reporting year and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for customers, however there is a total sundry debtors debt of £4.801 Million of which £3.300 Million is past its date for payment. The past due date amount can be analysed by age as follows:

Age	2022/23	2023/24
	£000	£000
Less than 3 months	2,209	1,716
3 – 6 months	242	339
6 months – 1 year	616	949
More than 1 year	1,351	1,797
Total	4,418	4,801

Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of long term loans are due to mature in any one year through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

	2022/23	2023/24
	£000	£000
Less than one year	11,763	13,855
Between one and two years	10,004	707
Between two and five years	6,717	6,134
More than five years	151,129	150,971
	179,613	171,667

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

Market risk

a) Interest rate risk

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

- borrowings at variable rates - the interest expense charged to the Comprehensive Income & Expenditure Statement will rise,
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall,
- investments at variable rates - the interest income credited to the Comprehensive Income & Expenditure Statement will rise,
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income & Expenditure Statement and therefore impact on the General Fund Balance. Movements in the fair value of

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fixed rate investments will be reflected in the Other Comprehensive Income & Expenditure line in the Comprehensive Income & Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update monitoring reports during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	2022/23 £000	2023/24 £000
Increase in interest payable on variable rate borrowings	14	14
Increase in interest receivable on variable rate investments	(288)	(114)
Impact on (Surplus) or Deficit on Provision of Services	(274)	(100)
Decrease in fair value of fixed rate borrowings - Market Risk (no impact on the (Surplus) or Deficit on Provision of Services or Other Comprehensive Income & Expenditure)	22,672	19,256
Decrease in fair value of fixed rate borrowings - Redemption Rate (PWL B) (no impact on the (Surplus) or Deficit on Provision of Services or Other Comprehensive Income & Expenditure)	28,935	24,278

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

b) Price risk

The Council does not hold equity shares for investment purposes and therefore has no exposure to losses arising from movements in the prices of the shares.

c) Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

35. Cash Flow Operating Activities

The cash flows from operating activities include the following items:

	2022/23 £000	2023/24 £000
Interest received	(2,128)	(4,816)
Interest paid	8,956	9,976
Interest element of PFI/ PPP payments	7,849	7,858
Net cash flow from interest	14,677	13,018

36. Related Parties

The Council is required to disclose material transactions with related bodies – i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled and influenced by the Council.

Scottish Government

Scottish Government is responsible for providing the statutory framework within which the Council operates, providing the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of Central Government Grants received are contained in Note 13 (Grant Income).

Councillors & Officers

Elected Members and senior officers are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this arise, the relevant Member or officer does not take part in any discussion or decision related to that interest.

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The Register of Members Interests is available on the Council's website at [Your Councillors - Dumfries and Galloway Council](#).

During 2023/24, two senior officers of the Council declared close family members with significant influence over companies out with those controlled or significantly influenced by the Council but with whom the Council had transacted with. Care Solutions provided care services procured by Social Work Services to the value of £2,300k (£1,389k in 2022/23). People Smart Solutions provided training courses to the value of £6k (£8K in 2022/23).

Other Public Bodies

The Council along with NHS Dumfries & Galloway established a Health and Social Care Integration Joint Board (IJB). Integrated Services began operation on 1 April 2016 with the IJB being responsible for the strategic planning and delivery of a defined range of Health and Adult Social Care services for residents of Dumfries and Galloway. In 2023/24 the Council contributed £90,379k to the IJB (£94,333k in 2022/23), received £94,616k (£90,415k in 2022/23) from the IJB to support the provision of services and had a creditor of £5,369k (£9,606k in 2022/23) relating to income due to the IJB. The Health and Social Care Integration Joint Board is also included in the Group Accounts.

Dumfries & Galloway Council is responsible for providing the funding for the day-to-day operation of the SWestrans Transport Partnership under the Transport (Scotland) Act 2005. In 2023/24, the Council provided £100k (£100k in 2022/23) as match funding to a Scottish Government grant for core running costs, with no capital grant received in year (£506k 2022/23), and a further £3,901k (£3,706k in 2022/23) was requisitioned by the Transport Partnership to cover the operating costs for 2023/24. SWestrans does not employ its own staff and during 2023/24 Dumfries & Galloway Council charged SWestrans £290k (£183k in 2022/23) in respect of staff support, supplies and other support services. At the year-end £402k (£10k in 2022/23) was outstanding for payments to Dumfries and Galloway Council and £190k (£137k in 2022/23) in relation to sums held in the Dumfries and Galloway Council Loans Fund.

Pension Fund

The Council is the administering authority for The Local Government Pension Scheme (LGPS) for administrative and manual employees. More information on LGPS can be found in note 27. The amounts paid to the LGPS in 2023/24 amounted to £7,385k (£6,834k in 2022/23) being deducted from employees and £32,291k (£29,780k in 2022/23) funded from the Council as the employer. The Council charged the Pension Fund a total of £384k (£371k in 2022/23) for expenses incurred in administering the Fund.

37. Contingent Liabilities

Ash Tree Die Back

In addition, the Council also has a potential liability in relation to Ash tree die back, which is impacting Local Authorities and other organisations across Scotland. While initial work has been carried out to identify the number of Ash Trees across the Council the potential financial impact associated with addressing any health & safety risks that may be experienced as a result of Ash Tree die back has not yet been quantified.

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 & Expenditure Statement.

2022/23		2023/24
£000		£000
95,000	Gross Council Tax Charge	101,258
	Less Deductions	
(2,148)	Exemptions	(2,339)
(149)	Disabled relief	(165)
(8,411)	Discounts	(9,087)
0	Council Tax Benefits (net of government grant)	0
(978)	Provision for doubtful debts	(1,284)
(110)	Previous year adjustments	(671)
<u>83,204</u>		<u>87,712</u>
(9,742)	Council Tax Reduction Scheme	(10,606)
<u>73,462</u>	Net Council Tax Income per the Comprehensive Income & Expenditure Statement	<u>77,106</u>

Notes

1. Nature of the Council Tax Charge

The Council Tax charge is based upon the property market value of a domestic property together with a personal element which takes into account the number and circumstances of the occupants of the property. Each household or occupied dwelling is allocated to a council tax band (A - H) by the Assessor. The Council declares an annual tax level for Band D properties and all other properties are charged a proportion of this - lower valued properties pay less, higher valued properties pay more.

A discount of 25% on the Council Tax is made where there are fewer than two residents in the property. Discounts of 50% are available for some unoccupied properties (job-related homes & purpose-built holiday homes). There is also a discount of 10% available for second homes. In addition, certain long-term empty properties may be subject to a 100% tariff. Reductions in Council Tax are also available for people with disabilities where the property has been adapted to meet their needs. Total exemptions are available for some categories of occupants.

The Net Council Tax Income reflects the income raised through direct receipts from property occupiers after the application of the Council Tax Reduction Scheme for those individuals that are eligible recipients.

Charges for water and sewerage are the responsibility of Scottish Water. The Council collects monies on behalf of Scottish Water and makes payments to Scottish Water.

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2. Calculation of the Council Tax base

The number of dwellings in each valuation band and the corresponding number of Band D dwellings in 2023/24 were as follows:

2022/23		2023/24										
		Bands										
Total		A*	A	B	C	D	E	F	G	H	Total	
75,922	Properties	0	11,216	22,711	12,507	10,465	10,961	5,609	2,649	157	76,275	
(2,358)	Exemptions	0	(756)	(745)	(344)	(205)	(222)	(98)	(37)	(2)	(2,409)	
(596)	Disabled Reliefs (to lower band)	0	(41)	(138)	(89)	(84)	(138)	(76)	(39)	0	(605)	
596	Disabled Reliefs (from higher band)	41	138	89	84	138	76	39	0	0	605	
(7,108)	Discounts (25% (equivalent properties)	(6)	(1,756)	(2,463)	(1,167)	(790)	(713)	(282)	(123)	(5)	(7,305)	
(1,412)	Discounts (50% (equivalent properties)	0	(318)	(416)	(317)	(241)	(186)	(86)	(59)	(10)	(1,633)	
65,044	Total Equivalent Ratio	35	8,483	19,038	10,674	9,283	9,778	5,106	2,391	140	64,928	
		200/360	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360		
65,440	Band D Equivalent	19	5,655	14,807	9,488	9,283	12,847	8,298	4,683	343	65,423	
(1,770)	Bad Debt Provision										(1,753)	
63,670											63,670	

Band A* refers to band A properties subject to disabled relief. Disabled relief takes the form of a drop-in valuation band and is applied where a property has been adapted to meet the needs of a disabled person who lives there.

3. Council Tax Levels

In 2023/24 the terms of the Local Government Finance Settlement announced by the Scottish Government provided Councils with the flexibility to increase Council Tax levels based on local considerations for 2023/24. As such Dumfries and Galloway Council agreed to increase 2022/23 levels by 6%. In accordance with this change, the charge per Band D household for 2023/24 was increased by 6%, from 2022/23 levels, to £1,334.85. Applying this to the Band D equivalent tax base of 63,820 the total sum to be raised through the Council Tax in 2023/24 was £85.190 Million. Charges for the other bands within the range A to H vary according to the variable formula, which makes the band A charge equivalent to 240/360 of the Band D charge (£889.90) and the Band H charge equivalent to 882/360 of the Band D charge (£3,270.38).

Valuation Band	Charge per	Dwelling
	2022/23 £	2023/24 £
A up to £27,000	839.53	889.90
B £27,000 to £35,000	979.46	1,038.22
C £35,000 to £45,000	1,119.38	1,186.53
D £45,000 to £58,000	1,259.30	1,334.85
E £58,000 to £80,000	1,654.58	1,753.84
F £80,000 to £106,000	2,046.36	2,169.13
G £106,000 to £212,000	2,466.13	2,614.08
H over £212,000	3,085.29	3,270.38

Non-Domestic Rates Account

The Non-Domestic Rates Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rates Account. The statement shows the gross income from the rates and the deductions made under statute. The Contribution to the National Non-Domestic Rate Pool represents the value of the amounts collected by the Council and contributed through pooling arrangements for Government Grant purposes. The Contribution from the National Non-Domestic Rates Pool represents the value of non-domestic rates income distributed to the Council through the Aggregate External Finance mechanism.

2022/23 £000		2023/24 £000
73,718	Gross rates levied and contributions in lieu	79,359
	Reliefs and other deductions	
(1,589)	Vacant properties	(1,644)
(15,799)	Mandatory relief	(16,309)
(822)	Discretionary relief	(2,116)
(1,453)	Disabled relief	(1,564)
<u>(19,663)</u>	Total Reliefs and other deductions	<u>(21,633)</u>
(359)	Write-offs of uncollectable debts and allowance for impairment	(397)
<u>53,696</u>	TOTAL Non-Domestic Rates Income (before Authority retentions)	<u>57,329</u>
0	Non-Domestic Rates income retained by the Authority (BRIS)	0
(2,308)	Contribution from/ (to) National Non-Domestic Rate Pool	1,743
<u>51,388</u>	Net Non-Domestic Rates Income to Comprehensive Income & Expenditure Statement	<u>59,072</u>

Notes

1. Analysis of Rateable Subjects and Values as at 1 April 2023

As at 1 April 2022 *Restated		As at 1 April 2023	
Subjects	Values £000	Subjects	Values £000
7,117	65,525	7,078	65,714
180	20,870	180	20,935
53	18,518	57	22,291
3,116	37,946	3,112	37,896
<u>10,466</u>	<u>142,859</u>	<u>10,427</u>	<u>146,836</u>

2. Rate Poundage

The Non-Domestic Rates system is used to bill and collect local tax income on non-domestic properties. The tax is based on applying the non-domestic rate poundage to the rateable value of each property and in 2023/24 the Scottish Government set the rate poundage at 49.8 pence in the pound for properties with a rateable value below £51,000. Businesses with a Rateable Value between £51,001 and £100,000 pay an additional supplement of 1.3 pence in the pound and businesses with a Rateable Value over £100,001 pay an additional supplement of 2.6 pence in the pound.

3. Empty Property Relief

From the 1 April 2023, the Scottish Government devolved responsibility for empty property relief to Local Authorities meaning reliefs are no longer legislative. Local Authorities were responsible for creating their own relief policies suitable to their individual communities' requirements. During 2023/24 the Council agreed to maintain Scottish Government legislation relief. The associated impact of this relief is reflected within the discretionary relief section of the non-domestic rates account. Prior year empty property relief is shown against the mandatory relief section to reflect the legislative nature in that financial year.

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Note 39. Trust Funds

In its capacity as trustee, the Council administers a number of Educational, Welfare and Charitable Trusts usually provided from legacies of former school pupils, donations to Social Work Services children's homes & other centres, and residents of particular areas. These Trusts are all registered Scottish charities. The statements below have been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006 (as amended) and the principles of Accounting and Reporting by Charities: A Statement of Recommended Practice FRS102 (revised January 2019).

Statement of Financial Activities

2022/23 (restated) Total £000	2023/24		
	Educational £000	Charitable £000	Total £000
Incoming Resources			
Income from generated funds:			
0	(1)	(5)	(6)
(47)	(36)	(9)	(45)
(47)	(37)	(14)	(51)
Resources Expended			
69	11	18	29
44	2	89	91
113	13	107	120
66	(24)	93	69
Other Recognised Gains			
0	0	(185)	(185)
90	(37)	134	97
156	(61)	42	(19)
Reconciliation of Funds			
(1,877)	(700)	(1,021)	(1,721)
(1,721)	(761)	(979)	(1,740)

Trust Funds Balance Sheet

2022/23 Total £000	2023/24		
	Educational £000	Charitable £000	Total £000
704	0	855	855
786	689	0	689
Current Assets			
231	72	124	196
0	0	0	0
1,721	761	979	1,740
Financed by:			
144	49	(2)	47
257	0	398	398
1,386	688	632	1,320
0	0	44	44
(66)	24	(93)	(69)
1,721	761	979	1,740

Notes for Educational, Welfare & Charitable Trusts:

The income from the investments of the Educational Trusts is used to provide educational grants, school equipment and prizes. The income from Charitable Trusts is used for the benefit of local people according to the purposes specified by the trust deeds.

The Lockerbie and Syracuse University Scholarship Trust is included in the Educational Trusts in the statements above. Its purpose is to send two Lockerbie students to Syracuse University each year. The Trust meets the college fees and everyday expenses of two students.

Full Council agreed to transfer the NET Assets of the Nithsdale Connected Trust on 31 March 2022 to the Sanquhar Enterprise Company. The transfer agreement has been signed and the assets have been transferred within 2023/24. The charitable section of the above statements reflects the assets being transferred. Note the trusts will be removed from the Register of Charities within 2024/25.

Trust Funds are mainly invested in high interest earning investments or placed with the Council's Loans Fund and earn interest accordingly. Investments are stated at market value at 31 March 2024.

The only significant property owned by the Trusts is the Proudfoot Institute in Moffat which is currently valued at £855k. The property is valued at depreciated replacement cost.

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Note 40. Common Good

Common Good Funds are held for the benefit of residents of the former Burghs of Kirkcudbright, Castle Douglas, Gatehouse of Fleet, Annan, Lochmaben, Lockerbie, Stranraer, Whithorn, Wigtown, Dalbeattie, Sanquhar and Dumfries.

The assets of the Funds are the properties of these former Burghs and monies are mainly invested with the Council's Loans Fund. The Funds' expenditure is mainly on the maintenance of properties and on grants made to local organisations, while the Funds' income comes from property rentals and interest generated on investments. The Council currently funds the cost of any capital works required on Common Good assets through the provision of a grant. The Accounts of the Common Good Funds are prepared in accordance with the Code of Practice.

The following statements cover all Common Good Funds. Detailed information for 2023/24 for individual Funds is provided in Note 1.

Common Good Comprehensive Income & Expenditure Statement

2022/23 £000		2023/24 £000	£000
313	Gross expenditure	360	
(171)	Gross income	(162)	
142	Net Cost of Services		198
(74)	Financing & Investment Income and Expenditure - interest income		(95)
(237)	Taxation & Non Specific Grant Income - capital grants & contributions		(1,048)
(169)	(Surplus) or Deficit on the Provision of Services		(945)
63	(Surplus) or deficit on revaluation of non-current assets	(208)	
129	Other unrealised (gains)/ losses	(112)	
192	Other Comprehensive Income & Expenditure		(320)
23	Total Comprehensive Income & Expenditure		(1,265)

Common Good Balance Sheet

31 March 2023 *Restated £000		31 March 2024 £000
6,084	Property, Plant & Equipment	7,072
1,557	Long term investments	1,666
7,641	Long Term Assets	8,738
0	Short Term Debtors	0
1,212	Cash & Cash Equivalents	1,380
1,212	Current Assets	1,380
(4)	Short Term Creditors	(4)
(4)	Current Liabilities	(4)
8,849	Net Assets	10,114
1,921	Revaluation Reserves	2,052
6,928	Common Good Fund Balance	8,062
8,849	Total Reserves	10,114

The prior year has been restated to remove the Capital Adjustment Account within usable reserves which is not permitted as per LASAAC Guidance (Accounting for the Common Good Fund May 2023).

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Notes

1. Common Good Funds 2023/24

Comprehensive Income & Expenditure Account for year ended 31 March 2024

	Kirkcudbright	Castle Douglas	Gatehouse	Annan	Lochmaben	Lockerbie	Stranraer	Wigtown	Whithorn	Dumfries	Sanquhar	Dalbeattie	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure	55	29	18	34	0	3	75	3	8	122	13	0	360
Gross Income	(7)	0	(2)	(9)	0	(5)	(10)	0	(2)	(71)	(3)	(53)	(162)
Net Cost of Services	48	29	16	25	0	(2)	65	3	6	51	10	(53)	198
- interest income	(12)	(13)	(2)	(13)	(19)	(1)	(11)	(1)	(2)	(12)	(9)	0	(95)
- capital grants & contributions	0	(33)	0	(3)	0	0	(976)	0	0	(36)	0	0	(1,048)
(Surplus) or Deficit on the Provision of Services	36	(17)	14	9	(19)	(3)	(922)	2	4	3	1	(53)	(945)
(Surplus) or Deficit on revaluation of non-current assets	(210)	0	0	2	0	0	0	0	0	0	0	0	(208)
Other unrealised (gains)/losses	(69)	0	0	0	0	0	(43)	0	0	0	0	0	(112)
Other Comprehensive Income & Expenditure	(279)	0	0	2	0	0	(43)	0	0	0	0	0	(320)
Total Comprehensive Income & Expenditure	(243)	(17)	14	11	(19)	(3)	(965)	2	4	3	1	(53)	(1,265)

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Balance Sheet as at 31 March 2024

	Kirkcudbright	Castle Douglas	Gatehouse	Annan	Lochmaben	Lockerbie	Stranraer	Wigtown	Whithorn	Dumfries	Sanquhar	Dalbeattie	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Long Term Assets													
Other Land & Buildings	754	204	287	433	0	150	2,764	95	225	1,981	179	0	7,072
Long term investments	918	0	0	1	1	0	737	0	0	0	9	0	1,666
	1,672	204	287	434	1	150	3,501	95	225	1,981	188	0	8,738
Current Assets													
Short term debtors	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents	19	273	43	290	38	33	59	22	52	296	202	53	1,380
	19	273	43	290	38	33	59	22	52	296	202	53	1,380
Current Liabilities													
Short term creditors	0	0	0	0	0	0	0	0	0	(4)	0	0	(4)
Net Assets	1,691	477	330	724	39	183	3,560	117	277	2,273	390	53	10,114
Revaluation Reserve	357	73	280	85	0	0	559	47	91	550	10	0	2,052
Common Good Fund Balance	1,334	404	50	639	39	183	3,001	70	186	1,723	380	53	8,062
	1,691	477	330	724	39	183	3,560	117	277	2,273	390	53	10,114

2. Accounting Issues

Property, Plant & Equipment represents the Common Good Funds Heritable Property. These are revalued on a rolling basis every five years using the Code of Practice of the Royal Institute of Chartered Surveyors.

Investments are stated at their market value at 31 March 2024.

The accounting policies applied are those of Dumfries & Galloway Council with exception of the treatment of 'Reserves'. The Reserves policy adopted for the Common Good Accounts follows LASAAC guidance. This approach requires assets should be depreciated and set against any surplus in the income and expenditure account. Therefore, statutory adjustments are not applied to the Common Good statements.

Group Accounts

Introduction to Group Accounts

The code of practice on Local Authority Accounting in the United Kingdom 2023/24 (the code) and relevant accounting standards require local authorities to consider all of their interests in other organisations and to prepare a full set of group financial statements where they have material interests in subsidiary, associated entities and joint arrangements. Prior to the implementation of the Dumfries and Galloway Integration Joint Board in 2016/17, the Council's interest in other organisations was deemed to be immaterial and therefore group accounts were not required.

The Local Authority group is defined as the Local Authority and its interests in entities which would be regarded as its subsidiaries or associates or joint arrangements were it subject to the Companies Act. The Code requires that group financial statements include the following statements:

- a Group Movement in Reserves Statement
- a Group Comprehensive Income and Expenditure Statement
- a Group Balance Sheet
- a Group Cash Flow Statement

For the purposes of consolidation and incorporation within the Local Authority group, the Council has consolidated the following entities:

Subsidiaries

Subsidiary entities are those over which the Council has been deemed to have control. The Council administers Common Good Fund and Charitable Trust Funds, whereby accounts are included on page 121 to 126 of these accounts. However, the impact of consolidating these is deemed to be immaterial and they have therefore been excluded from the Group Accounts.

The South West of Scotland Transport Partnership (SWestrans) has been recognised as a subsidiary. The Partnership was set up under the Transport (Scotland) Act 2005 and the Council's public transport functions were transferred to the SWestrans under a Transfer of Functions Order on 7 November 2006. The Council is able to exercise a significant influence over the SWestrans through five Council members being board members (out of a total board membership of seven). A copy of the annual accounts for SWestrans is available on the Council website.

Joint Arrangements

Joint arrangements can be either joint operations or joint ventures. Joint operations are joint arrangements where the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Council along with NHS Dumfries & Galloway established a Health and Social Care Integration Joint Board (IJB) on 3 October 2015. The Council has joint control of the IJB through the council having five voting members on the board (out of a total voting board membership of ten), and therefore has a group relationship with the IJB, which is considered to be a joint venture. Annual Accounts for the IJB can be found at <http://www.dg-change.org.uk/>.

Group Comprehensive Income & Expenditure Statement

2022/23 (restated)				2023/24		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
181,951	(25,254)	156,697	Education & Learning	190,059	(24,508)	165,551
36,824	(7,064)	29,760	Social Work Services	37,608	(8,087)	29,521
220,691	(125,708)	94,983	Integration Joint Board (IJB)	223,800	(128,794)	95,006
153,295	(48,667)	104,628	Communities	153,349	(50,178)	103,171
73,995	(21,173)	52,822	Economy & Resources	71,456	(21,643)	49,813
(1,898)	(1,887)	(3,785)	Non-Distributed Costs	6,224	(2,433)	3,791
4,781	(759)	4,022	SWestrans	5,077	(754)	4,323
669,639	(230,512)	439,127	Net Cost of Services	687,573	(236,397)	451,176
		29,022	Other Operating Expenditure			1,419
		24,571	Financing and Investment Income & Expenditure			14,024
		(429,610)	Taxation & Non-Specific Grant Income			(470,405)
		63,110	Deficit on the Provision of Services			(3,786)
		7,629	Share of Surplus on the Provision of Services by Joint Venture			3,363
		70,739	Group Deficit on the Provision of Services			(423)
		(6,373)	Surplus on revaluation of non-current assets			(20,015)
		(374,550)	Remeasurement of net defined liability			(8,557)
		0	Other unrealised (gains)/ losses			0
		(380,923)	Other Comprehensive Income & Expenditure			(28,572)
		(310,184)	Total Comprehensive Income & Expenditure			(28,995)

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Group Movement in Reserves Statement

	Usable Reserves						Total Usable Reserves	Total Unusable Reserves	Total Reserves	Authority Share of Subsid & JV Reserves	Group Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Fund	Repairs & Renewals Fund	Insurance Fund	Capital Grants & Receipts Unapplied					
	£000	£000	£000	£000	£000	£000					
Balance at 31 March 2022	(90,003)	0	(4,771)	(3,125)	(3,572)	0	(101,471)	(126,961)	(228,432)	(16,337)	(244,769)
Movements in Reserves during 2022/23											
(Surplus) or Deficit on provision of services	59,594	0	0	0	0	0	59,594	0	59,594	11,145	70,739
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(380,834)	(380,834)	(89)	(380,923)
Total Comprehensive Income & Expenditure	59,594	0	0	0	0	0	59,594	(380,834)	(321,240)	11,056	(310,184)
Adjustments to usable reserves permitted by accounting standards	(14,988)	0	0	0	0	0	(14,988)	14,988	0	0	0
Adjustments between accounting basis & funding basis under regulations	(48,131)	0	83	0	0	0	(48,048)	48,048	0	0	0
Adjustments between group accounts and Council accounts	3,756	0	0	0	0	0	3,756	0	3,756	(3,756)	0
Net (increase)/ decrease before transfers to /(from) other statutory reserves	231	0	83	0	0	0	314	(317,798)	(317,484)	7,300	(310,184)
Transfers to/ (from) Other Statutory Reserves	3,402	0	(3,495)	150	(57)	0	0	0	0	0	0
(Increase)/ decrease in year	3,633	0	(3,412)	150	(57)	0	314	(317,798)	(317,484)	7,300	(310,184)
Balance at 31 March 2023 carried forward	(86,370)	0	(8,183)	(2,975)	(3,629)	0	(101,157)	(444,759)	(545,916)	(9,037)	(554,953)
Movements in Reserves during 2023/24											
Opening Adj– removal of financing costs	0	0	0	0	0	0	0	16,283	16,283	0	16,283
Adjusted Opening Balance as at 1 April 2023	(86,370)	0	(8,183)	(2,975)	(3,629)	0	(101,157)	(472,873)	(557,747)	(9,037)	(566,784)
(Surplus) or Deficit on provision of services	(8,109)	0	0	0	0	0	(8,109)	0	(8,109)	7,686	(423)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(28,508)	(28,508)	(64)	(28,572)
Total Comprehensive Income & Expenditure	(8,109)	0	0	0	0	0	(8,109)	(28,508)	(34,958)	7,622	(28,995)
Adjustments to usable reserves permitted by accounting standards	(13,718)	0	0	0	0	0	(13,718)	13,718	0	0	0
Adjustments between accounting basis & funding basis under regulations	5,666	0	(4,082)	0	0	0	1,584	(1,584)	0	0	0
Adjustments between group accounts and Council accounts	4,001	0	0	0	0	0	4,001	0	4,001	(4,001)	0
Net (increase)/ decrease before transfers to /(from) other statutory reserves	(12,160)	0	(4,082)	0	0	0	(16,242)	(16,374)	(32,616)	3,621	(28,995)
Transfers to/ (from) Other Statutory Reserves	24,910	0	(26,588)	1,298	380	0	0	0	0	0	0
(Increase)/ decrease in year	12,750	0	(30,670)	1,298	380	0	(16,242)	(16,374)	(32,616)	3,621	(28,995)
Balance at 31 March 2024 carried forward	(73,620)	0	(38,853)	(1,677)	(3,249)	0	(117,399)	(444,850)	(562,249)	(5,416)	(567,665)

Group Balance Sheet

31 March 2023 (restated) £000		31 March 2024 £000
842,764	Property, Plant & Equipment	839,716
2,356	Heritage Assets	2,364
15	Intangible Assets	274
855	Long Term Investments	816
9,022	Long Term Debtors	8,475
56,389	Pensions Asset	68,153
7,757	Investment in Joint Ventures and Associates	4,394
919,158	Long Term Assets	924,192
1,070	Assets Held For Sale	1,299
899	Inventories	1,099
27,114	Short Term Debtors	31,006
36,494	Cash & Cash Equivalents	21,680
65,577	Current Assets	55,084
(11,763)	Short Term Borrowing	(13,855)
(68,888)	Short Term Creditors	(62,924)
(3,389)	Short Term Liabilities	(3,730)
(462)	Short Term Provisions	(119)
(84,502)	Current Liabilities	(80,628)
(167,850)	Long Term Borrowing	(157,812)
(97,707)	Other Long Term Liabilities	(93,978)
(79,723)	Other Long Term Liabilities (Pensions)	(79,193)
(345,280)	Long Term Liabilities	(330,983)
554,953	Net Assets	567,665
101,157	Usable Reserves	117,399
444,759	Unusable Reserves	444,850
7,757	Group Usable Reserves	4,394
1,280	Group Unusable Reserves	1,022
554,953	Total Reserves	567,665

The unaudited accounts were issued on 27 June 2024 and the audited accounts were authorised for issue on 21 November 2024.

Gillian Ross
Interim Chief Financial Officer

Group Cash Flow Statement

2022/23 (restated) £000		2023/24	
		£000	£000
70,739	Net deficit on the provision of services	(423)	
(97,677)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(37,449)	
17,871	Adjustments to net (surplus) or deficit on the provision of services that are investing or financing activities	39,825	
(9,067)	Net cash flow from operating activities		1,953
	Investing activities		
30,548	- purchase of property, plant & equipment, heritage assets & intangible assets	41,395	
49	- other payments for investing activities	0	
(985)	- proceeds from the sale of property, plant, equipment	(455)	
(17,463)	- Other receipts from investing activity	(39,946)	
12,149			994
	Financing activities		
(3,481)	- cash receipts from short & long term borrowing	(118)	
3,343	- cash payments for the reductions of outstanding liabilities relating to PFI/PPP contracts	3,389	
14,156	- repayments of short & long term borrowing	8,596	
0	- other payments for financing activities	0	
14,018			11,867
17,100	Net (increase) or decrease in cash and cash equivalents		14,814
53,594	Cash and cash equivalents at the beginning of the year		36,494
36,494	Cash and cash equivalents at the end of the reporting year		21,680

Notes to the Group Accounts

Group Accounting Policies

The financial statements in the group accounts have been prepared in accordance with the Councils Accounting Policies. Where applicable consolidation adjustments have been made in eliminate inter group transactions. All entities have the same reporting date as the Council.

The Council has accounted for its interest in subsidiaries (Swestrans) on a line by line basis. The Joint Venture has been accounted for using the equity method of accounting.

Details of the Council's share of each entity are shown in the table below:

	% Share	2023/24			2022/23		
		Share of assets	Share of Liabilities	Share of (Profit)/ Loss	Share of assets	Share of Liabilities	Share of (Profit)/ Loss
		£000	£000	£000	£000	£000	£000
Subsidiaries							
Swestrans	100%	1,406	(384)	(1,022)	1,427	(147)	(240)
Joint Ventures							
Integration Joint Board	50%	0	0	3,363	0	0	7,629

Financial Impact of Consolidation

The inclusion of the group entities results in an increase of £5.416 Million in the net assets and reserves from that shown on the Council's single entity Balance Sheet. This represents the inclusion of SWestrans assets and our investment in the IJB. The inclusion of group entities has also resulted in the surplus on the provision of services in the Council's single entity position of £4.108 Million moving to a £0.423 Million surplus within the group accounts.