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Council Building
2 High Street
Perth
PH1 5PH

03/11/2022

A hybrid meeting of **Perth and Kinross Council** will be held in **the Council Chamber** on **Wednesday, 09 November 2022 at 10:30.**

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

THOMAS GLEN
Chief Executive

Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.

Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.

Members:

Provost X McDade
All Councillors

Perth and Kinross Council

Wednesday, 09 November 2022

AGENDA

MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.

- | | | |
|---------------|--|------------------|
| 1 | WELCOME AND APOLOGIES | |
| 2 | DECLARATIONS OF INTEREST | |
| 3 | MINUTE OF MEETING OF PERTH AND KINROSS COUNCIL OF 28 SEPTEMBER 2022 FOR APPROVAL
(copy herewith) | 5 - 10 |
| 4 | MOTIONS | |
| 4(i) | MOTION ON ROYAL NATIONAL MOD PERTH 2022
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(copy herewith) | 13 - 14 |
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| 5 | OUTSTANDING BUSINESS STATEMENT (OBS)
(copy herewith 22/270) | 17 - 18 |
| 6 | 4TH LOCAL CHILD POVERTY ACTION REPORT
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(copy herewith 22/271) | 19 - 80 |
| 7 | ANNUAL CLIMATE ACTION REPORT AND ACTION PLAN UPDATE
Report by Executive Director (Communities) (copy herewith 22/272) | 81 - 144 |
| 8 | AUDITED 2021/22 ANNUAL ACCOUNTS AND ANNUAL AUDIT REPORT TO THE MEMBERS OF PERTH AND KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR THE YEAR ENDED 31 MARCH 2022
Report by Chief Accountant (copy herewith 22/273) | 145 - 318 |

9 **2023 COMMITTEE TIMETABLE**
(copy to follow)

10 **APPOINTMENT TO COMMITTEES**

(i) The Council is asked to agree that Councillor D Cuthbert replace Provost X McDade on the Community Planning Partnership Board

(ii) The Council is asked to agree that Councillor M Frampton replace Councillor J Rebbeck on the Children, Young People and Families Partnership

(iii) Following approved changes to the Scheme of Administration, the Council is asked to agree the change in membership of the Audit and Performance Committee from 11 members to 7 members (names TBC)

11 **ELECTED MEMBERS BRIEFING NOTES**

Council is asked to note the following [Elected Members Briefing Notes](#) that have been issued to elected Members since the previous Council meeting:

15 September 2022	North Inch Golf Course Essential Work
26 September 2022	Finance HR Update
28 September 2022	Winter Maintenance
4 October 2022	Holiday Food and Childcare
7 October 2022	Anti-social Behaviour in Crieff
7 October 2022	Appointments to Denominational Schools
20 October 2022	Waste

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PERTH AND KINROSS COUNCIL

Minute of hybrid meeting of Perth and Kinross Council held in the Council Chambers, 2 High Street, Perth on Wednesday 28 September 2022 at 11.00am.

Present: Provost X McDade, Depute Provost A Parrott, Bailies C Ahern, C McLaren and M Williamson; Councillors K Allan, H Anderson, L Barrett, P Barrett, B Brawn, S Carr, A Chan, D Cuthbert, S Donaldson, E Drysdale, J Duff, M Frampton, N Freshwater, K Harvey, D Illingworth, I James, N Khogali, G Laing, B Leishman, I MacPherson, I Massie, S McCole, T McEwan, J Rebbeck, C Reid, W Robertson, C Shiers, F Smith, C Stewart, G Stewart, R Watters and J Welch.

In Attendance: T Glen (Chief Executive), K Donaldson (Chief Operating Officer), C Mailer (Executive Lead – Strategic Planning and Transformation), J Pepper (Chief Officer – Health and Social Care), B Renton (Executive Director – Communities), L Simpson, S Mackenzie, S Walker, G Fogg, S Hendry, J Guild, A Brown, M Pasternak (all Corporate and Democratic Services), C Guild, F Robertson, L Haxton, D Littlejohn (all Communities).

Apologies: Bailies A Bailey, R Brock and Councillor A Forbes.

Provost X McDade, Presiding.

1. WELCOME AND APOLOGIES

The Provost welcomed those present to the meeting.

2. DECLARATIONS OF INTEREST

There were no declarations of interests in terms of the Councillors' Code of Conduct.

3. MINUTES

(i) Minute of Meeting of the Pre-Determination Committee 17 August 2022 for approval

The minute was submitted and approved.

(ii) Minute of Meeting of Perth and Kinross Council 17 August 2022 for approval

The minute was submitted and approved.

(iii) Minute of Special Meeting of Perth and Kinross Council 12 September 2022 for approval

The minute was submitted and approved.

4. OUTSTANDING BUSINESS STATEMENT

The Outstanding Business Statement was noted.

THE DEPUTE PROVOST LED ON FOLLOWING ITEMS

5. PERTH AND KINROSS COUNCIL ANNUAL PERFORMANCE REPORT 2021/22

There was submitted a report by Chief Executive (22/232) providing an overview of how the Council performed in 2021/22 against the strategic objectives for Perth and Kinross, as set out within the Council's Corporate Plan 2018 – 2022.

Resolved:

- (i) It be noted that the Annual Performance Report for 2021/22 was considered by the Scrutiny and Performance Committee on 21 September 2022.
- (ii) the Annual Performance Report for 2021/22 be approved.

6. LOCAL OUTCOMES IMPROVEMENT PLAN 2022-2032

There was submitted a report by Head of Cultural and Community Services (22/248) presenting the draft Local Outcomes Improvement Plan 2022-2032 setting out the actions that the Community Planning Partnership (CPP) will take to improve outcomes and reduce socio-economic inequality in Perth and Kinross.

Resolved:

- (i) the Local Outcomes Improvement Plan 2022-2032, attached at Appendix 1, subject to any final amendments by CPP Board, be approved.

THERE WAS A 5 MINUTE RECESS AND THE MEETING RECONVENED AT 12:05PM.

THE PROVOST LED ON THE FOLLOWING ITEMS

7. CORPORATE PLAN 2022/23 - 2027/28

There was submitted a report by Executive Lead (Strategic Planning and Transformation) (22/251). The report (1) presented the new draft Corporate Plan 2022 – 27 for Perth & Kinross Council and (2) set out Council's vision, outcomes and priorities for the area as well as the intended actions and performance measures, that will be taken to achieve these.

Resolved:

- (i) the draft Corporate Plan 2022–27 (Appendix 1), be approved.
- (ii) the Corporate Plan 2022-27 & Budget 2023-24 Communications & Engagement Plan (Appendix 2), be approved.

8. TACKLING POVERTY AND THE COST OF LIVING

There was submitted a report by Executive Lead (Strategic Planning and Transformation) (22/252). The report (1) provided Council with an update on work underway by the Council and its partners to mitigate the impacts of poverty and the cost-of-living crisis on those within our communities who are most impacted, and (2) sought Council approval:

- a) to establish a Perth and Kinross Anti-Poverty Taskforce, to bring together the Council, local businesses, third sector organisations and communities to work collaboratively to help mitigate the impacts of poverty and the current cost-of- living crisis;
- b) for the attached cost of living strategy; and
- c) to allocate funding for a range of actions to assist in tackling the ongoing challenges for those most in need over the upcoming winter period.

Resolved:

- (i) the proposal to establish an Anti-Poverty Taskforce, be approved.
- (ii) the Cost-of-Living Strategy, be approved.
- (iii) the additional allocation of £470,000 from earmarked reserves to support those most in need over the winter period, be approved.
- (iv) the content and context within the attached appendices, be noted.

THERE FOLLOWED A ONE HOUR RECESS AND THE MEETING
RECONVENED AT 2:15PM.

9. REVISED SCHEME OF ADMINISTRATION

There was submitted a report by Head of Legal and Governance Services (22/253). The report provided an updated version of the Scheme of Administration, for approval by Council.

Motion (Councillors E Drysdale and S McCole)

To approve the updated version of the Scheme of Administration.

Proposed Amendment (Councillor B Leishman)

In accordance with the Motion but to amend the Terms of Reference in relation to Climate Change and Sustainability Committee detailed under 29.3 on Page 30 of the Report as follows:

“To consider the Council’s performance in relation to the above areas, including any feedback from internal or external scrutiny and audit activity, and where appropriate to provide comment and recommendations as to improvement actions, to Council, the relevant Committee or Service.

Additionally, the Committee may request that a detailed Climate Change Impact Assessment be carried out on any matter where it determines that the original proposal lacked detail in that regard.”

Note: Councillors Drysdale and McCole agreed to incorporate Councillor Leishman’s Proposed Amendment into their Motion.

Amendment (Councillors C Stewart and D Cuthbert)

In accordance with the Revised Motion but to amend the Terms of Reference in relation to Planning and Placemaking Committee detailed under 31.2 (ii) (c) on Page 34 of the Report as follows:

“...the proposal has attracted an objection from a community council for the area where the planning application is made or a neighbouring community council impacted by an application, six or more valid planning objections from households, business addresses or interest groups, or where all elected members from the relevant ward request that the matter be considered by the Committee; or”

THERE FOLLOWED A 5 MINUTE RECESS AND THE MEETING RECONVENED AT 2:45PM

Note: Councillors Drysdale and McCole agreed to incorporate Councillor Stewart and Cuthbert’s Amendment into their Revised Motion.

Amendment (Councillors P Barrett and J Duff)

To agree the original Motion by Councillors Drysdale and McCole, with the incorporation of the Proposed Amendment by Councillor B Leishman, and to defer consideration of the Amendment by Councillors C Stewart and D Cuthbert to future meeting.

In terms of Standing Order 21, a roll call was taken:

21 Members voted for the Revised Motion, as follows:

Councillors S Carr, D Cuthbert, S Donaldson, E Drysdale, M Frampton, K Harvey, G Laing, B Leishman, I MacPherson, I Massie, S McCole, Provost X McDade, Councillor T McEwan, Depute Provost A Parrott, Councillors J Rebbeck, W Robertson, C Stewart, G Stewart, R Watters, J Welch and Bailie M Williamson.

16 Members voted for the Amendment, as follows:

Bailies C Ahern, Councillors K Allan, H Anderson, L Barrett, P Barrett, B Brawn, A Chan, J Duff, N Freshwater, D Illingworth, I James, N Khogali, Bailie C McLaren, Councillors C Reid, C Shiers and F Smith.

Resolved:

- (i) The updated version of the Scheme of Administration, be approved, with the following additions:
 - a) to amend the Terms of Reference in relation to Climate Change and Sustainability Committee detailed under 29.3 on Page 30 of the Report.
 - b) to amend the Terms of Reference in relation to Planning and Placemaking Committee detailed under 31.2 (ii) (c) on Page 34 of the Report in line with the Amendment detailed above but subject to any final clarification on wording from the Head of Legal and Governance Services.

10. MEDIUM TERM FINANCIAL PLAN 2023–29

There was submitted a report by Head of Finance (22/249). The report (1) updated the Medium-Term Financial Plan (MTFP) approved by Council on 15 November 2021 (Report No. 21/212 refers), (2) summarised the implications of the latest projections on future Council General Fund Revenue Budgets over the medium term, (3) provided an update on the Council's Capital Budget, Housing Revenue Account and Reserves position, and (4) set out a proposed approach to the development of the Revenue and Capital Budgets over the short and medium term.

Resolved:

- (i) the Head of Finance be requested to maintain the Medium-Term Financial Plan and further refine the assumptions which underpin it.
- (ii) the setting of the 2023/24 Final Revenue Budget and 2024/25 & 2025/26 Provisional Revenue Budgets on 22 February 2023 – see paragraph 7.6, be approved.
- (iii) the setting of the Capital Budget on 22 February 2023 – see paragraph 8.10, be approved.
- (iv) the submission of the updated Reserves Strategy to Council on 22 February 2023 – see paragraph 9.8, be approved.
- (v) the proposals to determine the Housing Revenue Account (HRA) Budget and rent levels for 2022/23 and the five-year Housing Investment Programme at the meeting of the Housing and Communities Committee on 18 January 2023 – see paragraph 10.3, be endorsed.

Note: The above meeting dates being provisional and subject to change.

11. 2023 COMMITTEE TIMETABLE

The Council agreed to defer this item to the next meeting.

12. APPOINTMENTS TO OUTSIDE BODY/SPOKESPERSON

Resolved:

- (i) Council agreed that Councillor Peter Barrett be appointed as a further Council representative on the Perth and Kinross Community Planning Partnership Board in his role as Equalities spokesperson for the Council.
- (ii) Council agreed that Councillor John Duff be appointed as the Council's Gaelic Medium Education spokesperson.

13. ELECTED MEMBERS BRIEFING NOTES

The Elected Members Briefing Notes, issued since the previous Council meeting and as set out on the agenda were noted.

Motion by Councillors J Duff and G Laing

MÒD NÀISEANTA RÌOGHAIL PHEAIRT / ROYAL NATIONAL MOD PERTH 2022

That this Council:

- Congratulates everyone involved in the organisation and delivery of the recent Royal National Mod and the Mod Fringe held in the City of Perth and recognises, with grateful appreciation, the significantly successful return of this major Gaelic cultural festival to Perth after an absence of 18 years;
- Acknowledges the contribution of An Comunn Gàidhealach, the Local Organising Committee, Perth Gaelic Society, the many volunteers, partners and official sponsors of the event, as well as the considerable input from officers and staff of Perth and Kinross Council, CulturePK, Horsecross Arts and Live Active Leisure, in making this 9-day event such a well-organised and enjoyable occasion;
- Recognises that the quality of delivery of this year's Royal National Mod, the Mod Fringe and its many excellent venues has reflected well on the city of Perth and Perth and Kinross in general and has brought numerous positive messages of gratitude for the warm, welcoming and helpful atmosphere experienced by those attending;
- Appreciates the considerable support provided by city centre businesses, as well as hospitality and accommodation providers in helping to provide that warm and friendly environment and welcomes the considerable economic benefits which the Royal National Mod has brought to the economy of the city and the wider area;
- Continues to build up its fund to help finance further Royal National Mods in Perth and Kinross and should look to support the submission of a further bid prior to the end of this 5-year Council term to host a future Royal National Mod.

Motion by Councillors P Barrett and K Harvey

The International Holocaust Remembrance Alliance (IHRA) Definition of Anti-Semitism

Motion to adopt **The International Holocaust Remembrance Alliance (IHRA) Definition of Anti-Semitism** - *“Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.”.*

This Council notes that:

- The UK was one of the first Countries to adopt the International Holocaust Memorial Alliance definition of Anti-Semitism.
- Adopting the international definition will ensure that culprits will not be able to get away with being anti-Semitic because the term is ill-defined, or because different organisations or bodies have different interpretations of it.
- As per the Public Sector Equality Duty enshrined in the 2010 Equality Act, the council must give due regard to the need to eliminate unlawful discrimination and advance equality of opportunity for members of communities with a protected characteristic, including Jewish people, such that they are able to participate in society on an equal footing with their non-Jewish counterparts.
- Anti-Semitism is one of the principal barriers to the participation of Jewish people in public, economic, political, and social spheres of life and must urgently be addressed.

This Council believes that:

- Adopting a definition of Anti-Semitism is essential to tackling Anti-Semitic behaviour in a targeted and effective manner.
- Without a definition of Anti-Semitism, one cannot identify how Anti-Semitism manifests itself and functions and therefore, cannot devise meaningful strategies to address it.

This Council will commit to:

- Work with schools, transport companies, the police force, and other public, third sector and private bodies to tackle Anti-Semitism at a local level.
- Collaborate with the local communities to challenge Anti-Semitism and to meet their needs such that they are encouraged to participate in public life.
- Take further steps to tackle and raise awareness of Anti-Semitism, such as organising training or holding local events on the issue.
- Work with other local stakeholders including local parliamentarians to raise awareness of Anti-Semitism in parliament

Motion by Councillors P Barrett and I Massie

All Party Parliamentary Group (APPG) Definition of Islamophobia

Motion to adopt the All-Party Parliamentary Group (APPG) on British Muslims' definition of Islamophobia - "*Islamophobia is rooted in racism and is a type of racism that targets expressions of Muslimness or perceived Muslimness*" - together with the [explanatory guidelines](#) put forward by the Coalition Against Islamophobia.

This Council notes that:

- Islamophobia is a growing issue in Scotland as a public inquiry by the Scottish Parliament's Cross-Party Group (CPG) on Tackling Islamophobia found that approximately 80% of Muslims in Scotland have experienced Islamophobia directly.
- As per the Public Sector Equality Duty enshrined in the 2010 Equality Act, the council must give due regard to the need to eliminate unlawful discrimination and advance equality of opportunity for members of communities with a protected characteristic, including Muslims, such that they are able to participate in society on an equal footing with their non-Muslim counterparts.
- Islamophobia is one of the principal barriers to the participation of Muslims in public, economic, political, and social spheres of life and must urgently be addressed.

This Council believes that:

- Adopting a definition of Islamophobia is essential to tackling Islamophobia in a targeted and effective manner.
- Without a definition of Islamophobia, one cannot identify how Islamophobia manifests itself and functions and therefore, cannot devise meaningful strategies to address it.
- The APPG definition should be accompanied by the Coalition Against Islamophobia's [explanatory guidelines](#) to provide a more holistic understanding of Islamophobia.

This Council will commit to:

- Work with schools, transport companies, the police force, and other public, third sector and private bodies to tackle Islamophobia at a local level.
- Collaborate with the local Muslim community to challenge Islamophobia and to meet their needs such that they are encouraged to participate in public life.
- Take further steps to tackle and raise awareness of Islamophobia, such as organising Islamophobia training or holding local events on the issue
- Work with other local stakeholders including local parliamentarians to raise awareness of Islamophobia in parliament

NAME OF COMMITTEE / SUB-COMMITTEE: FULL COUNCIL

OUTSTANDING BUSINESS STATEMENT (OBS)

Report No. (22/270)

Please note that this statement sets out outstanding decisions of Council / this committee / sub-committee along with an update and estimated completion date. Actions which are overdue are shaded for ease of reference. Where an update reflects that an action is complete then agreement will be sought to its removal from the OBS.

No	Date / Minute Reference / Report Number	Subject Title	Outstanding Action	Update	Lead Officer /Service	Action Due/completed	Action Expected
3.	25 May 2022. Item 6. Report 22/110	Appointment of Non-Elected Members	Elections to take place as soon as possible for relevant non-elected members on Committees.	Preparation work will begin in July 2022. NOT COMPLETED	Head of Legal and Governance Services	DUE	November 2022
4.	17 August 2022 Item 6.	Application for Planning Permission 21/00185/IPM	The Road Safety Team to work with the Developer to look at the road and footpath at the development in Kinfauns Holdings to ensure this does not increase difficulties for pedestrians.	Work underway NOT COMPLETED	Executive Director (Communities)	DUE	December 2022
5.	28 September 2022 / Item 8. / Report 22/252	Tacking Poverty and the Cost of Living	Briefing to be provided to all Members with detailed breakdown of allocated £470,000 funding.	Further details to be provided in a briefing session on the Local Child Poverty Action Plan on 8 th November. TO BE COMPLETED	Executive Lead – Strategic Planning and Transformation	DUE	November 2022

PERTH AND KINROSS COUNCIL

Perth & Kinross Council Meeting

9 November 2022

4TH LOCAL CHILD POVERTY ACTION REPORT

Report by Executive Lead, Strategic Planning & Transformation
(Report No. 22/271)

1. PURPOSE

- 1.1 The Child Poverty (Scotland) Act 2017 requires Perth & Kinross Council and NHS Tayside to publish a Local Child Poverty Action Report (LCPAR) each year. This is the 4th report, and it presents an update on actions taken during 2021/22; the Child Poverty Action Plan for 22/23 and a Child Poverty Delivery Plan for 2022 - 2026.
- 1.2 The LCPAR was circulated to and approved by the Community Planning Partnership on 25 October 2022 and has been considered and endorsed by NHS Tayside on 1 November 2022

2. RECOMMENDATION	
2.1	<p>I. It is recommended that Perth & Kinross Council:</p> <p>II. Approve the report.</p> <p>III. Re -affirm their commitment to the strategic aims set out in the child poverty strategy:</p> <ul style="list-style-type: none"> a. To raise awareness about the causes and consequences of child poverty b. To foster social cohesion and reduce stigma surrounding poverty for children and families c. To reduce the negative effects of living in poverty for children and families d. To enable children and families to prepare themselves for a life free from poverty <p>IV. Approve the objectives of the Child Poverty Delivery Plan 2022 – 2026 to work with NHS Tayside and the Community Planning Partners to:</p> <ul style="list-style-type: none"> • Provide opportunities and support to enter, sustain and progress in work (employability and skills, housing and economic opportunity, connectivity and childcare) • Maximise the support available to families to lead dignified lives and meet their basic needs (person-centred support, social security, and income maximisation). • Supporting the next generation to survive and thrive

	<ul style="list-style-type: none"> • Deliver a one council, whole family, whole community approach to connecting children and families to the help and support they need to mitigate and move beyond poverty.
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3. STRUCTURE OF REPORT

3.1 This report is structured over the following sections:

- Section 4: Background/Main Issues
- Section 5: Proposals
- Section 6: Conclusion
- Appendices

4. BACKGROUND / MAIN ISSUES

4.1 The latest reliable Child Poverty figures for Perth and Kinross show that Child Poverty increased by 2.7% between 2015 and 2020, increasing the numbers of children living in poverty from **4,869 to 5,155** (22.6% of all children in Perth and Kinross). These are pre-covid19 figures and are likely to underestimate the number of children living in poverty across Perth & Kinross.¹

4.2 Whilst **no single service or agency has the power to end child poverty** there is much that we can do to make the lives and life chances of the **5155** children living in poverty, here in Perth and Kinross brighter and better. We have considerable influence as a local authority and individual and collective responsibility to use our influence to make a real and lasting difference.

4.3 Perth and Kinross Council has an established Child Poverty Working Group (CPWG) involving officers from Perth and Kinross Council and NHS Tayside. The group is currently being expanded to include wider representation from the third sector and community planning partners.

4.4 The recent report to Council - [Tackling Poverty and The Cost of Living](#), set out the context of poverty in Perth and Kinross, the impacts that it can have on people and households and the range of work that is underway to mitigate the impact on people who are most affected.

4.5 The establishment of the Anti-Poverty Task Force will strengthen collaborative working with key partners and provide independent oversight of the work of the CPWG.

¹ The End Child Poverty Data for 2021 was heavily reliant on the Households Below Average Income figures. Fieldwork operations for the Family Resources Survey which gathered this data, was impacted by the Covid-19 virus and lockdown period and consequently the Scottish Government have advised that the 2021 figures are not reliable.

- 4.6 The CPWG has invested significant time and resources identifying the causes and consequences of child poverty within our communities. This has included:
- lived experience of child poverty in Perth and Kinross research undertaken by the Scottish Poverty and Inequality Research Unit at Glasgow Caledonian University. Parents from Priority Families² participated in the qualitative research which enabled them to provide feedback on how they experienced poverty, how they experienced our Council services and what they wanted to change.
 - the Measuring Child Poverty project identified 26 indicators which measure the causes and consequences of Child Poverty in Perth and Kinross. These have been used to measure the depth and impact of poverty on children and families across the area.
- 4.7 The findings from these two studies were brought together in the Children's Scorecard which will measure our progress in tackling issues relating to child poverty and our delivery on those areas which mattered to parents and families affected by poverty. It sets out a base line to enable future monitoring of progress towards delivering the changes or service improvements sought by parents experiencing poverty.
- 4.8 The data and feedback received from parents in these reports confirmed:
- stigma associated with poverty was getting in the way of people seeking help
 - the need for action to promote the Living Wage and tackle in-work poverty
 - the challenges faced around maintaining mental health and wellbeing and being able to access support
 - the need for key worker and a one council, whole family, whole community approach to connect people to the help and support they need and to build inclusive resilient communities.
- 4.9 Parents asked for access to crisis support when they needed it and affordable housing, childcare and transport to enable them to take up sustainable livelihoods.
- 4.10 This feedback informed the development of the Perth and Kinross "Offer" for children and families affected by poverty. The Offer will develop over time as we listen and engage with young people, parents, communities, and businesses. No single service or agency has the power to end child poverty. The delivery of the offer will require collaborative working across all stakeholders to achieve these aspirational aims.
- No Child goes hungry, ever
 - Every child in a warm, dry, secure home
 - Every child's learning is supported
 - Every parent has access to Fair Work and a good job.

² (Lone Parents, Families with a disabled family member, Minority Ethnic Families, Large Families, Families with a Young Mother and Families with a child under 1 year of age)

- Parents and children have a say in the services they use.
- 4.11 One of the key issues surfaced by the Lived experience of child poverty report was the need for a systems design approach to be taken to deliver a One Council, Whole Family, Whole Community approach to addressing child poverty and connecting families to the help and support they need and want. This was the subject of a well-attended Conference in June 2022 (Delivering a one council, whole family, whole community approach to tackling child poverty). The conference deliberated on how to:
- support more parents into employment which pays the Living Wage
 - close the gender employment and pay gaps
 - address the rural poverty premium for children and families
- 4.12 It also ran 3 localities workshops with officers from Perth and Kinross Council, and the Community Planning partnership to identify how best to connect families affected by poverty to the help and support they need and want.
- 4.13 In March 2022, the Scottish Government published “Best Start, Bright Futures”- the second child poverty delivery plan. It restated the Scottish Government’s commitment for the child poverty targets, strengthened the focus on Priority Families at greatest risk of poverty and focused actions on tackling the drivers of poverty to improve lives and outcomes for families. It has 3 elements:
- providing opportunities and support needed to enter, sustain and progress in work
 - maximise the support available to families to lead dignified lives and meet their basic needs
 - supporting the next generation to survive and thrive.
- 4.14 The draft Corporate Plan has highlighted tackling poverty as a strategic priority of the Council. This contributes to delivering strategic outcomes:
- children and young people grow safe, respected, well-educated, and confident in their ability to realise their full potential
 - people and businesses thrive in an inclusive and sustainable local economy across Perth and Kinross.
- 4.15 These strategic outcomes will be achieved by:
- reducing the number of children living in poverty in Perth and Kinross
 - reducing the cost-of-living pressures for households in and at risk of poverty
 - maximising income from benefit entitlement and concessions for households
 - promoting and encouraging local employers to follow the principles of the Scottish Government’s Fair Work Action Plan, including the real Living Wage and Scottish Business Pledge.

- 4.16 The Local Outcomes Improvement Plan has identified reducing poverty as a strategic priority and is seeking to deliver the following local outcomes:
- levels of poverty in Perth and Kinross will remain below the national average
 - action on food insecurity is better co-ordinated across Perth and Kinross
 - action on fuel poverty is better co-ordinated across Perth and Kinross
 - increasing numbers of premises are offering free period products across Perth and Kinross
- 4.17 The LCPAR aligns with the objectives of Best Start, Bright Futures, Perth and Kinross Council's draft Corporate Plan and the Local Outcomes Improvement Plan. It identifies key challenges for Perth and Kinross in relation to tackling child poverty:
- we have a low paid economy with a significant and widening pay gap with the rest of Scotland 16.5% of our workforce earn less than the Living Wage of £9.50 an hour and 24,000 are in low paid work
 - the pay gap with the rest of Scotland widened to £47.10 a week – from £11.90 in 2019 and £24 in 2020.
 - we have a significant gender pay gap at £228.50 a week for all workers and £140 a week for fulltime workers
 - we top the league table for the employment rate gap between men and women
 - fewer households have access to social housing and 1 in 3 private tenants experience extreme fuel poverty – twice the rate of those in social housing.
- 4.18 The LCPAR reports on what actions have been taken in the last year to tackle child poverty and the cost-of-living crisis they include:
- £5.2 M committed to supporting struggling families through the cost-of-living crisis
 - 241 young people accessed vocational training, 39 young people accessed further/higher education training, 46 attended skills academies and 76 were able to secure employment
 - 60 employers were supported with wage incentives and for additional training opportunities.
 - 8 parents secured employment with help from the Parental Employment Support Fund
 - curricular costs in secondary schools have been removed for all young people and the cost of the school day has been kept under review.
 - a new subsidised bus route was provided in West Kinross-shire and improved transport links from Crieff to Perth College UHI were delivered
 - £100,000 was invested in a 2-year Financial Inclusion project to provide welfare rights support to Council tenants.
 - a Food Network has been established involving organisations across Perth and Kinross involved in the delivery of emergency and community food. £65,000 funding was provided to establish a food hub in Perth to support food share schemes.

- the Welfare Rights team contacted over 2000 families to offer a comprehensive benefits check. 1,100 families accessed this support.
- 283 referrals from healthcare practitioners resulted in £146,000 in client financial gain.

4.19 The report spotlights examples of good practice providing information and case studies on:

- a homework hub supported by library staff, primary and secondary teachers, and pupils at St John's Academy
- a "one pot surprise" project run by the Family Focus Team which provides equipment and support to families on making low-cost nutritious meals
- the Welfare Rights team offered advice to all households with school meals debt and found that almost all such households qualified for free school meals
- Perth Welfare Society who provided 2189 people from ethnic minority communities with signposting and referral to other agencies for support, a befriending service and help with applying for benefits/housing and health and social care services.

5. PROPOSALS

5.1 This report sets out a Child Poverty Delivery Plan for 2022 – 2026 with the following strategic aims and objectives:

Aims

- to raise awareness about the causes and consequences of child poverty
- to foster social cohesion and reduce the stigma surrounding poverty for children and families
- to reduce the negative effects of living in poverty for children and families
- to enable children and families to prepare themselves for a life free from poverty

Objectives

1. provide opportunities and support needed to enter, sustain, and progress in work (employability and skills, housing and economic opportunity, connectivity, and childcare)
2. maximise the support available to families to lead dignified lives and meet their basic needs (person-centred support, social security, and income maximisation).
3. supporting the next generation to survive and thrive (next generation)
4. deliver a one council, whole family, whole community approach to connecting children and families to the help and support they need to mitigate and move beyond poverty.

5.2 It reports on work undertaken in 2021/22 in fulfilment of the 2021/22 Local Child Poverty Action Plan and sets out the Action Plan for 2022/23.

- 5.3 The Local Child Poverty Action Plan for 2022/23 comprises workplans for each of the 3 workstreams:

Workstream 1 - Providing opportunities and support needed to enter, sustain, and progress in work (employability and skills, housing, connectivity and childcare, economic opportunity)

Workstream 2 - Maximising the support available to families to lead dignified lives and meet their basic needs (person-centred support, social security, and income maximisation)

Workstream 3 - Supporting the next generation to survive and thrive (next generation).

- 5.4 This work will be subject to independent scrutiny by the Anti-Poverty Task Force who will provide additional expertise from across Perth and Kinross which will inform the implementation, monitoring and evaluation of the Child Poverty Delivery Plan and the development of annual Local Child Poverty Action Plans.

6. CONCLUSION

- 6.1 We know that over 5155 children across Perth and Kinross are living in poverty. The negative impacts of poverty cannot be underestimated, both in the short and the longer term. This report sets out the Councils commitment to tackling child poverty in the area. It demonstrates our understanding of child poverty in Perth and Kinross, the key areas of focus and the actions that we will continue to progress with our partners to ensure that child poverty is minimised and that all our children are supported to live well.
- 6.2 The LCPAR will be presented to NHS Tayside for their approval and pending this will be forwarded to the Scottish Government. The Child Poverty Working Group will monitor progress towards delivery on commitments in the Child Poverty Action Plan 2022/2023 and will report on the same to Perth and Kinross Council in the next LCPAR report in September 2023. The Anti-Poverty Task Force which is currently being established will provide independent scrutiny of the implementation of the Local Child Poverty Delivery Plan 2022- 2026 and each annual Child Poverty Action Plan.

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Approved

Name	Designation	Date
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APPENDICES

- Appendix 1 - 4th Local Child Poverty Action Report containing - Child Poverty Delivery Plan 2022 – 2026 with Child Poverty Action Report 2021/2022 and Child Poverty Action Plan 2022/23

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 Mitigating child poverty will address (1) Giving every child the best start in life. The Child Poverty Delivery Plan and Action Plans are focussed on enabling parents to enter, sustain and progress in work which pays the Living Wage or more; and actions which enable children to live dignified lives and have their basic needs met and the mitigation of poverty and the impact that it has on children's current and future opportunities and chances in life.

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 Mitigating Child Poverty will address (1) Giving every child the best start in life. Mitigating child poverty will address (1) Giving every child the best start in life. The Child Poverty Delivery Plan and Action Plans are focussed on enabling parents to enter, sustain and progress in work which pays the Living Wage or more; and actions which enable children to live dignified lives and

have their basic needs met and the mitigation of poverty and the impact that it has on children's current and future opportunities and chances in life.

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

2. Resource Implications

- 2.1 There are no resource implications arising from this report.

3. Assessments

Equality Impact Assessment

- 3.1 Proposals that have been considered under the Corporate Equalities Impact Assessment process (EqIA) are assessed as **not relevant** for EqIA.

Strategic Environmental Assessment

- 3.2 Proposals have been considered under the Act, and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.3 Not applicable.

Legal and Governance

- 3.4 Not applicable.

Risk

- 3.5 Not applicable.

4. Consultation

Internal

- 4.1 All relevant heads of service have been involved in the development of this report.

External

- 4.2 Priority Families were involved via the research project undertaken by the Scottish Poverty and Inequality Research Unit. NHS Tayside was involved in

the development of this report and the Community Planning Partnership will also sign off on it.

5. Communication

5.1 None.

2. BACKGROUND PAPERS

2.1 None.

Child Poverty Delivery Plan 22- 26

with Child Poverty Action Report 21-22 and Child Poverty Action Plan 22-23

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Introduction

This report has been jointly produced by Perth and Kinross Council and NHS Tayside and its contents reflect a deepening collaboration. It also recognises the impact of actions with wider Community Planning Partners as we take a collaborative approach to mitigate and reduce child poverty.

It is the 4th Child Poverty Action Report and with it come some changes. We decided to move to a 4-year Delivery Plan to enable us to take a more strategic and ambitious approach to shifting the dial on child poverty than is possible with annual planning cycles.

Our **Child Poverty Delivery Plan 2022 – 2026** which is included in this report aligns with **Best Start, Bright Futures, the Child Poverty Delivery Plan** of the Scottish Government which covers the same time period. The Local Outcomes Improvement Plan has tackling poverty as a strategic priority as does Perth and Kinross Council's Corporate Plan. The work on child poverty will contribute to delivering two strategic outcomes: -

- Children and young people grow up safe, respected, well-educated and confident in their ability to realise their full potential
- People and businesses thrive in an inclusive and sustainable local economy across Perth and Kinross.

We developed a Children's Scorecard which will measure our service impact on children and families affected by poverty, and we will issue an annual [Children's Scorecard](#).

No one could have anticipated the challenges that everyone is facing; emerging from a global pandemic and now facing a Cost-of-Living crisis which will put heating homes to an acceptable standard beyond the budgets of large sections of the population. The cost of food, fuel and energy has risen exponentially – and, at the time of writing, further increases are anticipated. Notwithstanding the mitigation measures put in place by the UK and Scottish Governments, many families will face a very difficult winter this year.

The average household in Perth and Kinross will see their annual budget stretched by £2,958 –for essentials like heating their home, putting food on the table, taking the bus to work, having the use of a mobile phone and broadband at home, and paying for household goods and services, clothing and footwear. For many families who are currently struggling to make ends meet, this is an impossible hill to climb.

We have taken urgent action to put in place mitigation measures for those affected by the Cost-of-Living Crisis. A Cost-of-Living Crisis Strategy was agreed by Council in September and is being implemented.

Our approach has been to:

- ensure our residents have the information they need to access all the support that is available to them.
- set aside significant funding to help households in Perth and Kinross that are struggling to meet their basic needs.
- work with partners to ensure that we are co-ordinating and maximising the impact of our collective efforts

We have created a Financial Insecurity Fund, increased investment in welfare rights, money and debt advice, increased funds available for energy efficiency advice and made additional funds available for the provision of community food.

Currently Perth and Kinross Council has committed £5.2 million to the mitigation of the Cost-of-Living Crisis for those in greatest need.

We are currently progressing with a Winter Response Plan to enable a co-ordinated approach to provide people with the support they need.

We have jointly funded a Cold Homes app commissioned by NHS Tayside to enable frontline workers to provide energy advice to tenants and residents.

We will closely monitor the situation facing families across Perth and Kinross over the coming months. We will collect data and evidence on how they are affected by poverty and the Cost-of-Living Crisis – and we will also be hosting a series of listening events in communities to find out what parents want and need from us now, in this current crisis, and for the longer term.

We will be working at locality level to form multi-disciplinary teams who can work across service and organisational boundaries to deliver a whole family, whole community approach to tackling child poverty. We will reach out to partners in the public and third sector to find out what they are doing and how to add it to our Offer for children and families affected by poverty. Ultimately, the only way to mitigate poverty and to create a level playing field for all children is to build inclusive communities where **all** children can grow, learn and thrive.

Note

The child poverty figures for Perth and Kinross which are used in this report derive from the End Child Poverty Statistics for 2020/21 which is based on the Family Resources Survey (FRS). The figures given for 2021/22 were not considered to be as robust as in former years. In 2021, several factors impacted on FRS response rates and the distribution of characteristics among FRS survey respondents, including:

- *Change in the mode of interviewing from face to face to telephone*
- *Changes in the methods used to elicit responses from survey participants as the year progressed*
- *Changes in people's behaviours and circumstances during the coronavirus (COVID-19) pandemic which may have made them more or less likely to respond to a household survey*

Child Poverty Strategy

The Child Poverty Strategy was set out in the 2020 Local Child Poverty Action Plan, within this strategy Perth and Kinross Council, NHS Tayside and Perth and Kinross Community Planning Partnership adopted the following Strategic Aims:

- **To raise awareness about the causes and consequences of child poverty**
- **To foster social cohesion and reduce the stigma surrounding poverty for children and families**
- **To reduce the negative effects of living in poverty for children and families**
- **To enable children and families to prepare themselves for a life free from poverty**

Since then, we have:

- agreed indicators for the measurement of child poverty in Perth & Kinross
- undertaken a mapping exercise around child poverty interventions in Perth and Kinross so that we know what is happening and where
- commissioned qualitative research with people with lived experience to find out how poverty impacts on their lives and the lives of their children, how they experience our services and what they would like us to do to help them mitigate and move beyond poverty
- used this information to develop a Children's Scorecard which measures the reach and effectiveness of our work with children and families affected by poverty
- developed and implemented 3 child poverty action plans covering increasing income from employment, reducing the essential cost of living and increasing income from social security and other in-kind benefits

Resources:

[Lived experience of child poverty in Perth and Kinross \(Nov 2021\)](#)

[Children's Scorecard 2022 - 2026](#)

[Tackling Child Poverty Action report 2019](#)

[All in to End Child Poverty 2019/2020](#)

[All in to End Child Poverty Progress Report Nov 2020 - May 2021](#)

The Child Poverty Working Group is being refreshed with new members from a broader range of stakeholder groups including the Third Sector, Community Planning members and the Chair has passed from Perth and Kinross Council to NHS Tayside. The strategic aims of the Child Poverty Strategy remain the same, however the working groups have been re-shaped and align with Best Start, Bright Futures:

- **Workstream 1** – Providing opportunities and support needed to enter, sustain and progress in work (employability and skills, connectivity and childcare, economic opportunity)
- **Workstream 2** – Maximising the support available to families to lead dignified lives and meet their basic needs (person-support, social security and income maximisation)
- **Workstream 3** – Supporting the next generation to survive and thrive (next generation)

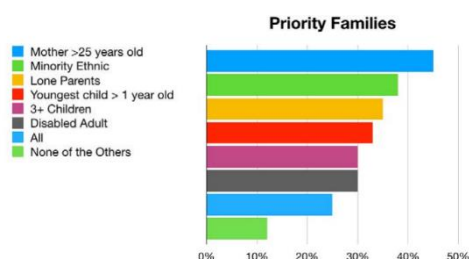
Child Poverty in Perth and Kinross

Our understanding of child poverty in Perth and Kinross has developed significantly in the course of the last year with the publication of [Lived Experience of Child Poverty in Perth and Kinross](#) and our [Perth & Kinross Children's Scorecard](#).

The Lived experience of Child Poverty in Perth and Kinross was largely based on the testimony of 22 families from the priority family groups.¹ It focused on their experience of poverty and their service needs and canvassed their experiences of accessing and utilising services. We used the research to develop a Children's Scorecard which measures the reach and effectiveness of our work with children and families affected by poverty. The Children's Scorecard reports on key areas where Priority Parents identified need for change improvements. This information was discussed with the relevant services and performance indicators agreed. The areas covered in the Scorecard – and improvement indicators that were developed as a result cover:

- Wellbeing
- Stigma
- Crisis Support
- Housing
- Education
- Childcare
- Transport

What Parents from the Priority Groups Told Us About Poverty



- **Living in Perth and Kinross is a good place to live**

On the whole, Perth and Kinross as a region, and the localities within, are

¹ Lone Parents, Families with a disabled member, ethnic minority families, large families, families with a young mother and families with a child under 1 year. (Scottish Govt Definitions)

viewed positively by families experiencing poverty. Opportunity for ready access to leisure, formal and informal, is widely appreciated.

- **Luck**

Families experiencing poverty in Perth and Kinross often used the descriptor 'luck' to rationalise positive experiences. This conveys a sense of gratitude for what they have, and an acknowledgement that others may not be as fortunate as themselves. It also suggests that a sense of rights and entitlement does not prevail.

- **Rural Perthshire trade-off**

Many families experiencing poverty accept or understand poor provision – for example in housing, or rural transport – as part of the price to be paid for where they live.

- **Intense poverty exists**

There is evidence of abject poverty in Perth and Kinross. Sometimes, such poverty is a passing intensity, which may be triggered by unforeseen circumstance (e.g., breakdown of a household appliance; loss of employment; change in family arrangements). Intense poverty may subside, rather than disappear, becoming an enduring challenge of seasonal pinch points, e.g., increased living costs during summer when children are not in school for part of the week, or in winter when energy bills are higher, and when Christmas brings additional expense.

- **Family support**

For those with access to it (which does not apply to all families experiencing poverty), the support provided by families – at critical stress points and in everyday life – is acknowledged and highly valued. Families are a key source of childcare support, and a resource that is drawn on in times of crisis.

- **Time pressure**

Time pressures are reported by many families experiencing poverty. The challenges of managing children's lives and the challenges of combining work and family life are the primary sources of this stress. Cost of living, housing, transport and food expenditure is reported to place strain on family budgets, particularly in rural areas.

- **Cumulative impacts**

Many of the challenges faced by families experiencing poverty are encountered by other families. However, the difficulties in facing these challenges on a low income – without the ability to draw on a safety net of financial resource – exacerbate these problems. Similarly, the cumulative impact and interaction of these problems impacts on family life.

- **Stigma**

Many of the families described issues related to stigma, with narratives indicating stigmatisation was even experienced when accessing support.

Priority Parents Experience of Local Services

- **Referrals work**

There is much evidence of effective cross-referral and integration of support pathways. Where this works, it is not received as being ‘passed on’, but rather as being directed to the right source. Successful referrals were reported within services, and across services. Positive impacts of this included being connected to support in a timely manner, which was critical for prevention of intensification of problems.

- **Key individuals**

Many parents experiencing poverty made reference to a key individual who provided them with critical support and/or who ‘made things happen’. These interventions were often understood as someone going ‘above and beyond’ duty, rather than delivering routine service. These sources of key support were found across a range of service areas.

- **Individuals, departments and the Council**

Although people experiencing poverty did not always praise individuals or specific departments/services, on the whole, there was much more evidence of positive than negative appraisal of services delivered. In contrast, “the Council” tended to be viewed more negatively.

- **How services are delivered**

The way in which services are delivered is important. There were several examples of people experiencing poverty reporting that staff had shown a lack of empathy toward them or had failed to appreciate the situation in which they found themselves. Poor communication was noted for some, and public information was found to be lacking.

- **Utilising local sources of information**

It was striking how many parents, turned to local sources for information about what was available to them. These local sources were not Council-led but were often informal groups that had emerged utilising platforms, such as Facebook or WhatsApp.

How we are using intelligence from Priority Parents to drive service improvements


Wellbeing - Current and Desired Performance

Indicator	Current Performance	Desired Performance
Information for Families on sources of wellbeing and mental health support	PKC Parent Portal contains information on how to support wellbeing and where to go for help; NHS Tayside CAHMS Facebook page; The Lighthouse website resources page.	Increased traffic to Parent Portal Establishment of website to provide one stop shop for parental advice by TRIC
Funding for programmes or interventions to support the mental health and wellbeing of children and young people.	£50,000 to fund Home Start support for mental health of parent and children at home. Aberlour and Barnardo's funding.	Increase support available to children and young people experiencing wellbeing challenges
Number of families with 0-2 year olds in nursery provision	38 families	Increase the number of families entitled to a place, to access a nursery provision
Evidence of family centred, multi-disciplinary working across mental health, learning difficulties, domestic violence and addiction.	Unborn Baby Multi Agency Support Group identifies pregnant women who need additional support	Increase in referrals from partner agencies outwith NHS Tayside.
Learning from social needs screening project is captured	Social needs screening is not currently undertaken. this is a pipeline project at the scoping stage with the Child Protection Committee.	Social needs screening following all child concern reports identifies and addresses the impact of poverty on those children and families about whom there has been a child concern report raised.


The Children's Scorecard reports on key areas where the Priority Parents in the Lived Experience research project identified need for change or improvements. This information was discussed with the relevant services and performance

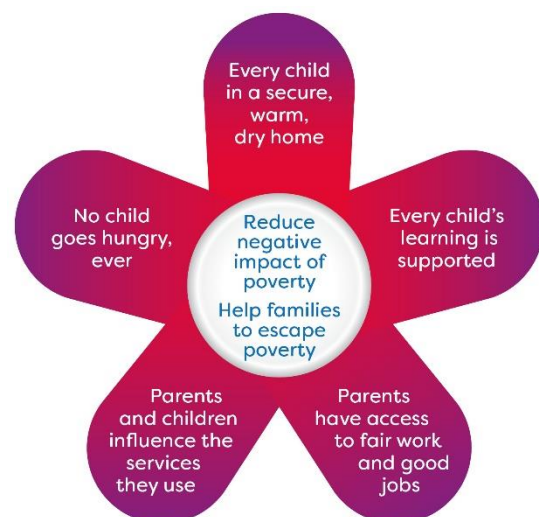
indicators agreed. The first Children's Scorecard reports on current and desired performance in each area.

The Lived experience research also informed the development of the "Offer" for children and families affected by poverty which is now being taken out into communities to be further developed with parents and Priority Families.



Wellbeing

Link to the "Offer"	Parents asked for	Indicators
<p>Reduce the negative impact of poverty</p> 	<ul style="list-style-type: none"> • Help for families with issues around mental health or wellbeing • Timely support for mental health for children and young people experiencing stress/distress 	<ul style="list-style-type: none"> • Information for families on sources of wellbeing and mental health support • Funding for programmes or interventions to support the mental health and wellbeing of children and young people. • Number of families with 0-2 year olds in nursery provision • Evidence of family centred, multidisciplinary working across social work, learning disabilities, addiction and substance misuse • Learning from social needs screening project is captured



Measuring Child Poverty

The [Children's Scorecard](#) includes the Measuring Child Poverty data and reports on the 26 indicators identified in the Local Child Poverty Action Report 2020/21 and indicates if progress has been made.

Number of Children
Living in Poverty



5155 or 22.6%
2019/2020
5138 or 22.2%
2018/19



Income from Employment



**72,100 or 74.6% of
People are in Work**

6800 fewer than in
2019



**13000 or 16.5%
of the workforce
earn less than the Living
Wage of £9.50 an hour**

1,000 fewer than in 2019. We don't
know if these people lost their jobs or secured better
pay



**8.2% are
Underemployed
(they would like to work more hours)**

Small Change on the last
figures of 6.9%



**24,000
are in lower paid
work**

An increase of 3,200 on
2020 figures



Job Density is 0.77

This means that there are 77 jobs for every 100 people
aged 16 - 64 (2020)



In 2018 there were 82
jobs for every 100 people
aged 16 - 64.

£574.90

Average Earnings

**Pay Gap with Scotland widens to
£47.10**

Wages increase by a small margin - but
pay gap widens significantly



**Pay Gap with
Scotland £11.90 in
2019 and £24 in 2020**

Gender Pay Gap

£140 a week for full time
workers.

£228.50 a week for all
workers

Increased by £32 a week on 2020 for full
time workers



**Perth & Kinross tops the league table for Employment Rate Gap
between men and women in Scotland**



Data Challenges

One of the data challenges we face is getting Perth and Kinross wide or localised data on the Priority Families.

- we know that just under half of those living in poverty are lone parent families, and that 1 in 5 families have a disabled family member.
- the data on ethnic minority families is from the 2011 Census and no longer reflects the demography of Perth and Kinross. The EU Settlement Scheme places Perth and Kinross as the 8th highest local authority area in Scotland with 11,800 applications and 5,900 settled with a further 4,650 pre-settled. Our 3 main application countries are Poland, Romania and Bulgaria. A large number of these are children and young people (1930).
- we know that there are 737 lone parent families who have a disabled family member – but have struggled to identify data for other areas of intersectionality.

We are currently collaborating with Improvement Scotland and the Scottish Government on their pilot project looking at Child Poverty in Remote, Rural and Island Areas where some of the data challenges experienced in regions where population density is low are under discussion.

Crunch Issues

The deep dive into the data so far has revealed some issues particular to Perth and Kinross.

- it is a low paid economy with a significant and widening pay gap with the rest of Scotland; 16.5% of our workforce earn less than the Living Wage of £9.50 an hour and 24,000 are in low paid work
- the pay gap with the rest of Scotland widened to £47.10 a week – from £11.90 in 2019 and £24 in 2020
- it has a significant gender pay gap at £228.50 a week for all workers and £140 a week for full-time workers
- it tops the league table for the employment rate gap between men and women
- fewer households have access to social housing and 1 in 3 private tenants experience extreme fuel poverty – twice the rate of those in social housing

Using Local Data

We spent some time drilling down to develop our understanding of poverty at a more localised level. We have developed a powerBI tool which is easy to use and provides standardised and reliable data on poverty at a neighbourhood level.

We are currently establishing multi-disciplinary teams to enable greater collaboration with communities, teams, and partners. The information held within the PowerBI tool will enable a greater understanding of what is happening at a neighbourhood level to provide an evidence base for developing local solutions.

This rich tapestry of data and intelligence around the causes and consequences of poverty have informed the development of our Child Poverty Delivery Plan 2022 -2026.

There are further challenges to be met. We are now investigating how data profiling can be used to identify and connect families who are affected by poverty to the help and support they need and want. Some of the challenges are presented by ensuring that we comply with Data Protection legislation, and some of the data challenges exist because of rurality and the difficulty of finding and usable data sets for Priority Families in rural and remote rural locations.

What We Did

Cost-of-Living Crisis - £5.2M committed to supporting struggling families

Perth and Kinross Council was quick to realise the profound challenges that the Cost-of-Living Crisis would present for families and others affected by poverty. The Executive Leadership Team focussed their attention on the issue from February 2022 onwards and with regular reporting across the Council' Services going to the ELT, by the end of May 2022 a significant resource had been allocated to mitigation activities.

Poverty/Cost of Living Mitigation		£000s
Low Income Support Payment	All households in receipt of council tax reduction, 16/17 year olds in Through Care/After Care https://www.pkc.gov.uk/llisp	£1,074
	Cost of Living Crisis Payments to Kinship and Foster Carers	£120,
Financial Insecurity Fund	Help with priority debts including rent, fuel, and council tax	£600
Augmenting Scottish Welfare Fund	Increasing capacity for low income households to access crisis grants	£400
Tenancy Sustainment Fund	PKC tenants – increase of £104K	£254
Fuel Poverty	Fuel poverty and energy efficiency advice Warm Home Packs Warm Spaces	£160 £50 £150
Schools	Summer Activities	£242
	Holiday Food Insecurity Programmes	£154
Food Fund	Community Food Initiatives	£327
	Community Food Initiatives (Warm Spaces)	£120
Welfare Rights	Support and Advice	£74
Wider Mitigation		
School	Meals during holiday period	£315
	Expansion of free school meals P4 and P5	£1,142

Poverty/Cost of Living Mitigation		£000s
Anti-Poverty Task Force	Engagement payments for people with lived experience – Anti Poverty Task Force	£5
Business Networks	Leverage of support from businesses to tackle poverty	£25

Monitoring Statistics and Data Sets have been identified for monitoring the ongoing impact of the Cost-of-Living Crisis, and Situation Reports have been received from key third sector and community organisations who are working close to the ground with families and individuals to obtain testimonies and case studies from families experiencing financial stress as a result of the spiralling cost of living.

Statistics and Data include:

- Money owed to Perth and Kinross Council
- School breakfast clubs and school meals
- Rent
- Council Tax

Requests for Financial/Other Help

- Referrals to Welfare Rights Team
- Referrals to Perth Citizen's Advice Bureau (CAB)
- Referrals to Perth Foodbank
- Free School Meals applications
- School Clothing Grant applications
- Education Maintenance Allowance applications
- Scottish Welfare Fund Crisis Grant Applications
- Tenancy Sustainment Fund applications
- Financial Inclusion Fund applications
- Home Heat Fund applications

Each data set on its own does not tell us much, however taken together they will provide a clearer picture of how the cost-of-living crisis is impacting on families. Analysis of the data so far tells us that there are early signs of financial stress being experienced by families which manifest in:

- significant increases in demand for welfare and money advice services and a 262% increase in debt related to household utility bills
- significant increase on pre-pandemic levels in application rates for the Scottish Welfare Fund Crisis Grants

However, the general picture shows that the full impact of the Cost-of-Living Crisis has yet to appear in the statistics and data. These will be monitored on an ongoing basis.

Monitoring activity has revealed slow but steady increases in demands for advice and signposting services, rising concerns about the cost of food and concerns about ability to pay winter fuel bills. At least one community, North Muirton (the most deprived in Perth & Kinross) experiencing a 183% increase in usage of Community Foodshare.

"E, 76, widow, uses the Community Fridge4All project on a weekly basis. She has said she is doing this so she can put away money to save for higher utility bills this winter."
F, 33, is an employed teaching assistant. her husband also works full-time. They are struggling to manage their budget because of the rise in the cost of utilities. They access the Community Fridge twice a week.

G, 64, is unemployed and is an unpaid carer for a number of her grandchildren, a niece and nephew so their parents can work. She struggles on benefits and uses the Community Fridge4All to help feed the children and herself.

P, Romanian, 34, works full-time and his wife works part-time. They are both in low-income employment. They believe they are not entitled to UK benefits. They use the Community Fridge to stretch their budget."

Other measures identified in response to the Cost-of-Living Crisis are:

- a Fuel Poverty Steering Group has been established and involves representatives from across Perth & Kinross Council, our Community Planning Partners, and Energy Suppliers
- a Cold Homes app has been commissioned by NHS Tayside and jointly funded by Perth & Kinross Council to enable frontline workers to provide energy advice to tenants and residents
- a Free Food, Lunch Clubs and Cosy Spaces locations are being identified and an advice leaflet is being prepared to let people know where they can go for free food, hot food and warmth

St John's Academy Homework Hub

Library staff, primary and secondary teachers supported the homework hub. Children and young people participated in a range of supported activities. Primary school pupils were given the time and space to complete their homework. Primary teachers were available to provide support where necessary. Secondary pupils either used the support as an opportunity to benefit from class teachers help, ensure a quiet place to complete homework or help with specific 1-1 literacy or

English support where needed as appropriate. The teacher for physical education also attended planned sessions ensuring that there was a focus on health and wellbeing for children and young people.

The project proved to be popular with children and young people. The headteacher arranged funding for Secondary pupils for free travel, via the local bus service (before free travel for under 22s was introduced). This ensured additional after school opportunities were not impeded by financial barriers.

Family Focus 'One Pot Surprise' Project

The Family Focus Team identified that many of the families with whom they work are living in significant poverty. The families have often not had opportunities to learn how to make low-cost nutritious meals and many did not have the equipment they needed to do so. Cooking and eating together provides an opportunity for parents and children to spend positive time and learn new skills together.

The team distributed 'One Pot Surprise' kits for families and a range of materials to support families to produce low cost and healthy meals. Each kit included a hand blender, knife, chopping board, measuring jug, saucepan, dry ingredients for soup and 2 wipe clean recipe cards with clear visual instructions. When they are given to families, the fresh ingredients for soup are provided. The recipe cards show what adult and child portions look like and describe how to make soup that is suitable for babies.

Providing the kits to families allows workers to speak about the benefits of soup for children and adults in terms of being cheap and easy to make, filling, reducing constipation and good nutrition. Feedback has been that parents appreciate the blender as it enables them to 'hide' vegetables in soup. Alongside the recipe cards, videos were made to show parents how they can make the soup which is ideal for visual learners and those who may not be able to read or read easily. Some prizes of local shopping cards were organised, and families have submitted photos of their home-made soup, showing themselves and their children enjoying making and eating the soup together. [One Pot Surprise - Carrot & Lentil Soup - YouTube](#)

Delivering on Whole Council Approaches

School Meals Debt Triggers Welfare Advice Offer

As a result of concerns surrounding school meals debt, the Welfare Rights Team proactively contacted all households with child-related debts (school meals, breakfast clubs and after school clubs). The team found that almost all households with school meals debt qualified for free school meals. The team helped 119 families with school meals debt to the value of £16,796.

Kinship Care Team referred 33 families for additional welfare rights support to ensure that they had access to benefits advice, assistance and representation.

"Social workers will ask parents or carers for permission to refer them to our Welfare Rights Team for income maximisation. We work with parents or carers to help them create budgeting plans and address debt issues which can feel overwhelming. Sometimes, with parents or carers permission, we will make a referral to Shelter for Housing Support. We apply for funds from various sources to ensure that there is money for school trips and to buy clothing and equipment that might be needed for them like boots, cagoules and torches. Families are given annual tickets for Active Kids and Auchingarroch to ensure they have some nice days out and very often we arrange lifts for parents and children and pick them up at the end of the day.

We also apply for funds for essential purchases, like a washing machine, fridge freezer, vacuum cleaner, floor coverings, bedding and furniture. There are no community launderettes, and a washing machine is essential if you are to protect hygiene and dignity. We can provide some funds (using a Section 22 fund) to help with gas and electricity in times of crisis. Then there are funds for presents at Christmas time and we spend a lot of time collecting and delivering toys and hampers in time for Christmas. We always make sure parents have travel warrants or cash in advance if they have to attend a hearing or to make a contact arrangement and will often drive parents and children to hospital appointments to save them travel costs and time. We are acutely aware of the shame that parents and carers feel when they cannot afford to provide for their children, and we do our best to alleviate this by adopting a holistic approach and reaching beyond our service for help for these families."

Social Worker, Perth and Kinross Council

Working Together – Perth & Kinross Council and NHS Tayside

Family Nurse Partnership Referrals to Welfare Rights Team at Perth & Kinross Council - Midwives, health visitors and family nurses are referring clients to Perth & Kinross Council's Welfare Rights Team. 283 referrals were received from these healthcare professionals which resulted in £146,000 of client financial gain.

"Family Nurses have found this an easy referral system to use, which supports them to get the best information for their clients. Clients mostly report that they are contacted quickly by the welfare rights service and that they feel supported through their welfare questions and queries".

Staff feedback (Family Nurse Partnership Supervisor, NHS Tayside)

Joined Up Action between Perth and Kinross Council and NHS Tayside

NHS Tayside and Perth and Kinross Council have jointly funded a Cold Homes app for frontline workers to enable them to give residents advice on how to keep warm and save energy this winter.

"A young mother was referred to the employability service and she was able to get a job at Perth Royal Infirmary. But she couldn't take it up – even in work she could not afford the £1000 a month childcare bill that would come with the job as it stood. She was in despair and on the brink of turning down the job. Our employability team found her money to help pay upfront childcare costs of around £700. They called the Senior Charge Nurse who would be her boss and explained the situation. The Senior Charge Nurse spoke to NHS Tayside's HR department and her shift pattern was changed and this massively reduced her childcare costs. This is what we mean about delivering a one council, whole family, whole community approach. It is not overly complicated, often it is just looking at the situation and making a few calls to resolve a seemingly intractable problem. Thanks to the efforts of colleagues in Perth and Kinross Council's and NHS Tayside, this lady is now in work, her child is in nursery, and has a child minder and this family has a bright future."

PKC Employability Team

Working with Third Sector Partners

Housing Services Financial Inclusion Project

Perth & Kinross Council has invested £100,000 from the Housing Revenue Account to establish a Financial Inclusion Project for tenants. This has enabled Housing staff working on the Financial Inclusion Project to cold call 1,236 tenants during working hours, in the evening and at weekends to ask how they were coping, and whether they needed any help with applying for benefits. The focus was not on rent but how the household was managing financially. As a result, referrals were made to PKC's Welfare Rights Team and Perth CAB, and referrals were also made to the SCARF/HEAT teams for energy efficiency advice.

67 tenants were referred to PKC's welfare rights team and 409 referrals were made to Perth CAB who helped 125 tenants with 390 issues as a result. Perth CAB's average client financial gain for those who qualified for additional benefits/financial support was £1640, and £205,000 for the 3 months to March 2022.

Enabling minority ethnic communities to access advice and information about benefits

Welfare Rights work in partnership with [PKAVS Minority Communities Hub](#) to ensure that minority community groups can readily access advice, information and benefit appeals representation. We have a number of promotional leaflets translated into some of the most common languages in our area e.g., Ukrainian, Russian, Bulgarian, Polish and Romanian. We have provided training to PKAVS workers, and we have a seamless referral agreement in place. Community led groups supporting minority ethnic communities are now plugged into PKC's welfare rights team making access to help and advice easier for our Chinese Community and Perth Minorities Association.

Perth Welfare Society

Volunteers provided 2189 individuals and families with one-to-one support/signposting and referrals to other services. They provide a wide range of activities from a befriending service, help with applying for benefits/housing/health and social care services, hot meals twice a week for vulnerable adults and families. Chai and Chat sessions for men run every two weeks and ladies enjoy exercise classes once a week. Children and Adults arts and craft classes are offered as are Mindspace training to help boost mental health and wellbeing. (insert pictures)

Tayside Hardship Project

Perth & Kinross Council's Welfare Rights Team are working with Aberlour to provide a comprehensive and enhanced welfare rights service to vulnerable families with dependent children. Families can access the Financial Insecurity Fund provided by PKC and an Urgent Assistance Fund provided by Aberlour.

Perth and Kinross Council Carer's Support Team and Perth CAB

In total 479 carers across Perth and Kinross received welfare rights and money advice from Perth CAB resulting in client financial gain of £343,000.

NHS Tayside and Perth CAB are gearing up to deliver a money, benefit and debt advice service to patients in the Murray Royal Hospital. This will expand the current service available within the Carseview Centre.

"The fact that an individual's benefits were assessed pre-discharge and support was provided to enable them to claim a Community Care Grant meant that unnecessary delays to discharge were avoided. Service users were confident their benefits were in order and were less anxious about their exit back to the community"
Staff Feedback (Senior Practitioner, NHS Tayside)

"I know things would have been a lot more difficult had it not been for the Carseview Welfare Advice. I couldn't be more grateful. This is an essential service and has impacted myself and my son's first year of his life more than I could ever express. Thank you".

Patient Feedback (NHS Tayside)

Perth and Kinross Welfare Rights Team and Perth CAB together delivered £10 million in client financial gain for struggling households.

Perth and Kinross Council

- Provided £20,000 of funding to Perth Foodbank which provided emergency food to 1795 children
- Invested £15 million to increase the pool of affordable housing by buying back ex-Council houses
- Provided 3000 children with digital access to support learning at home
- Secured £2.1 million to deliver employability, skills training and support
- Established 5 Skills Academies in Hospitality, Digital and Green Skills, and HGV and LGV Licenses for entry to the Haulage Industry
- Disbursed £4.9 million in a range of Cash First approaches

Joining it all Up

An Anti-Poverty Task Force has been established to provide independent, active leadership and support for cross sector collaboration and action to help those most affected by poverty and the cost-of-living crisis. The task force will engage the private, public and third sectors as well as individual citizens. It will:

- champion the reduction in poverty levels and associated stigma across Perth and Kinross
- use its influence across the public and private sector and in our communities to drive necessary and urgent action
- provide a co-ordinating focal point for all the current activities aimed at reducing inequalities including child poverty
- shape further development of actions and activities through co-production, guidance, and feedback
- oversee the delivery of mitigating actions and their impact through regular monitoring.

The 18-member Task Force will operate as an independent advisory body with Perth and Kinross Council providing secretariat support.

Child Poverty Delivery Plan 2022 – 2026

We decided to move to a 4-year Delivery Plan to enable us to take a more strategic and ambitious approach to shifting the dial on child poverty than is possible with annual planning cycles.

Our **Child Poverty Delivery Plan 2022 – 2026** which is included in this report aligns with **Best Start, Bright Futures, the Child Poverty Delivery Plan** of the Scottish Government which covers the same period.

Strategic Aims

- To raise awareness about the causes and consequences of child poverty
- To foster social cohesion and reduce the stigma surrounding poverty for children and families
- To reduce the negative effects of living in poverty for children and families
- To enable children and families to prepare themselves for a life free from poverty

Objectives

Over the next 4 years Perth & Kinross Council will work with NHS Tayside and our Community Planning Partners to:

- 1. Provide opportunities and support needed to enter, sustain and progress in work (employability and skills, housing and economic opportunity, connectivity and childcare)**

Sharpening Focus:

- Supporting parents into employment which pays the Living Wage or more
- Taking action to close the gender employment and pay gaps
- Addressing challenges presented by rurality

- 2. Maximise the support available to families to lead dignified lives and meet their basic needs (person-centred support, social security and income maximisation).**

Sharpening Focus:

- Addressing the rural poverty premium
- Addressing the needs of the gypsy traveller community and other minority ethnic communities

- Addressing stigma which prevents parents and families from seeking help and support

3. Supporting the next generation to survive and thrive (next generation)

Sharpening Focus:

- Closing the poverty-related attainment gap
- Addressing the challenges faced by disabled young people entering further and higher education and the jobs market
- Addressing mental health and wellbeing issues for parents and children affected by poverty

4. Deliver a one council, whole family, whole community approach to connecting children and families to the help and support they need to mitigate and move beyond poverty

Sharpening Focus:

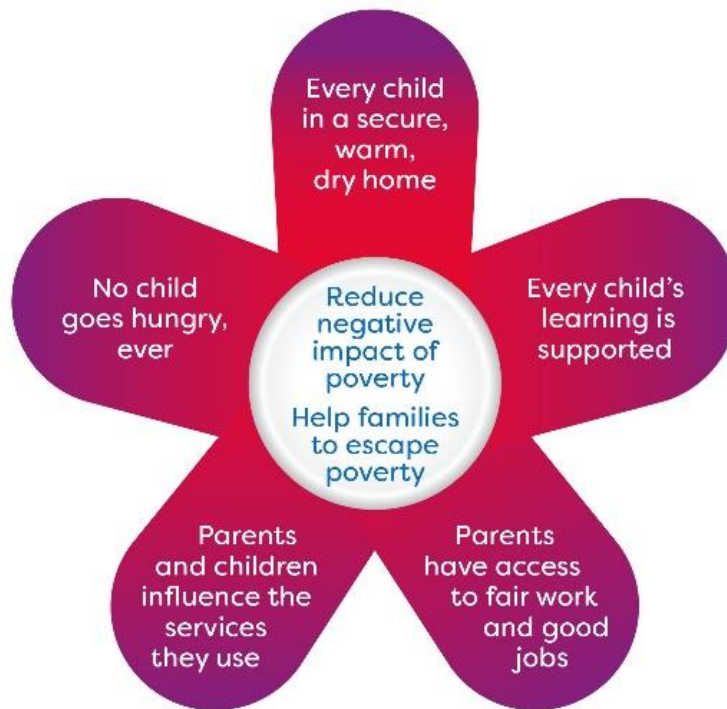
- Changing the way we work to use data driven approaches to identify and connect with families affected by poverty
- Offer no wrong door approaches to connecting families to the help and support they need and want
- Developing multi-disciplinary, cross organisational working in teams at locality level to build inclusive communities which strengthen the web of support on offer to families and children affected by poverty

The Perth and Kinross Offer for Families Affected by Poverty

- We want to work with our partners and communities to tackle inequality and provide better outcomes for individuals, building stronger more resilient communities.
- We will redesign services based around what we hear from communities. We will work more closely in communities and strive to deliver a one Council approach to Child Poverty.
- We will empower more decision making in communities with budgets and resources.

This first iteration of the Perth and Kinross Offer for Families Affected by Poverty has been informed by initial consultation. We are about to deepen our engagement with families affected by poverty and with the community organisations which currently support them through a series of local listening events.

The Offer will develop over time as we go out to communities and listen and engage with parents, communities, businesses, and citizens. The Offer is aspirational but not wholly within the gift of the council. It will require collaborative working across all stakeholders to achieve these aims.







Appendix 1 - Child Poverty Action Report – 2021/2022

What we said we would do - and what we did

Workstream 1 – Maximising income from employment		
We said we would help	We did help	
145 Young People into vocational training	241 young people into vocational training	
56 Young People Achieving Qualifications		
45 Young People into FE/HE training	39 young people into FE/HE training	
77 Young People into Work	76 young people into work	
16 Young People into Modern Apprenticeships	25 young people into modern apprenticeships	
80 Young people on a supported activity programme	50 young people were supported on Activity Agreements and 46 young people attended Skills Academies.	
58 (75% of those taking part) Young People sustaining employment	51 (75% of those taking part) sustained employment	
Deliver Wage Incentives to 60 Employers @ £4000 over 52 weeks	60 employers received with enhanced package of £6500 per employer and £1500 for additional training opportunities	
Rural Employment Initiative - Create 23 Jobs	21 new jobs created with 10 in the pipeline	
Futures for Families - Parents into Work	8 parents were helped into work through the Parental Employment Support Fund	

Workstream 2 – Reducing the essential cost of living	
We said we would help	We did help
Review the “Cost of the school day” programme	Curricular costs in secondary schools have been removed for all young people with no negative impact upon their educational experience in those areas.
Relaunch the “Cost of the school day” programme and provide schools with a video and training materials.	We have been working closely with schools to ensure they all consider the Cost of the School Day in their plans. Video has not been produced.
Take ongoing actions to reduce Cost of the School Day including uniform, travel, school trips, eating, school clubs, fundraising and events, home learning, attitudes to poverty. Reduce the cost of practical subjects in secondary schools and investigate uniform recycling programme.	Schools are currently reviewing their approaches to deciding upon elements of daily school life such as school uniform in consultation with young people and their families. Very few school trips have been re-introduced and schools have been assessing the trips they used to offer and considering if there are young people who will not be able to access them and if they are now viable. Practical subject costs have been removed. Some schools have implemented uniform recycling and others are making plans to implement.
We will promote Big Energy Savings Week with our CPP Partners.	Incorporated into Winter "Feeling the Pinch" campaign

Wider ongoing engagement with local social housing providers to share information gathered through affordability model and further discussion to promote affordable rents	None of the social landlords offered this information/briefing have expressed an interest in taking it up.
Private Landlord Forum to be planned, to raise awareness of child and fuel poverty within the private sector.	Private Sector Landlord Forum is no longer in place.
Evaluate our transport activities to reduce the cost of travel. Identify potential for travel concessions for families during weekends, holidays and after school - Bid for Smarter Choices, Smarter Places funding to provide some subsidised transport.	A new subsidised bus route was provided in West Kinross-shire. Improved public transport links from Crieff to Perth College UHI.
Option to load free transport on Young Scot cards still to be considered.	Free travel has now been extended to under 22's. 9862 under 22s have received their free travel passes as at the end of June 2022. This is a take-up rate of 37%.
Improving people's access to affordable credit and supporting financial inclusion - consider credit rating project for Local Authority tenants.	£100,000 invested in a 2-year Financial Inclusion Project consideration to be given for this to be extended. Sustaining Tenancy Fund has been increased to £254,00 per annum, an increase of £100,000 on pre- pandemic figures.

Improve uptake of free school meals by improving the application process to maximise opportunities to identify those who are eligible, reduce time and effort of application process for both applicant and staff; increased awareness of FSM and how to apply.	Application processes for Free School Meals will be streamlined for the August 22/23 intake. It is anticipated that this will lead to increased take-up.
Establish a governance structure for the Food Share Network, establishing a permanent food hub in Perth in conjunction with Transform (Fareshare).	A Food Network has been established involving third sector organisations across Perth & Kinross. Giraffe were provided with £65,000 of funding to establish a food hub in Perth to support food share schemes across Perth and Kinross.

Workstream 3 – Maximising income from social security and other benefits	
We said we would help	What we did help
Explore more streamlined processes for all Council concessions	<p>A One Council- One Form approach is being adopted. work is ongoing to streamline the application process for both Free School Meals and School Clothing Grants for the 22/23 school intake.</p> <p>PKC is working out a legal basis for data sharing with key partners including the DWP and Social Security Scotland to enable income maximisation for customers of our welfare rights team.</p>
2000 families from Priority Groups will be offered a welfare rights check	The Welfare Rights Team proactively contacted over 2000 families to offer a comprehensive benefit check. 1,100 families were given comprehensive benefits advice and assistance. It has been harder to determine if these families were in the Priority Groups as this information is not readily available.
Take up rates for the Scottish Child Payment reach 85%	85% take up rates achieved
Health professionals work collaboratively with Welfare Rights Team and effective referral pathways are established across universal health and education services.	The Welfare Rights Team has received funding from the Tayside Regional Improvement Collaborative since 2018 to provide a service to low income families who are pregnant or who have dependent children. The service is based around referrals from midwives, Health Visitors, and the Family Nurse Partnership.

	<p>Last year we received 283 referrals from these Healthcare practitioners which resulted in £146,000.00 in benefit gains for the families referred. We deliver talks and presentations to these practitioners on an on-going basis to ensure that we raise awareness of the service we provide and to promote the difference that we can make to low-income families.</p> <p>We asked our customers if the service was easy to access and 100% of the respondents said "yes".</p> <p>Adult Inpatient Nursing Admission Documentation now includes questions on money worries and employment and has been embedded across all NHS Inpatient Services. The documentation has been tested within Perth Royal Infirmary and will be rolled out during the next financial year.</p> <p>Live Warm and Well – Hospital Discharge Pilot with Paediatrics and Respiratory Services established a referral system where people with life limiting diseases like Cystic Fibrosis or Lung Cancer were referred for advice prior to hospital discharge.</p>
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Workstream 4 – Breaking the cycle of poverty	
We said we would help	We did help
Collaborate review of the Pupil Equity Fund	This is reviewed annually alongside PEF Guidance for Schools. A PEF Planning Tool was developed in collaboration with ECS and Education Scotland to improve tracking of impact of PEF spend on pupils.
Review and Learn from Midwife Project as enablers for families in poverty to access opportunities to maximise income and reduce costs.	A performance report on the first year of the Midwife Project has been provided. This has yet to be discussed within PKC for lessons learned.
Research Project - Undertake a mapping exercise on child poverty interventions across Perth and Kinross. Design Impact, Outcomes and Outputs Indicators Framework for the 3 workstreams.	Mapping exercise completed, led to development of Children's Scorecard where indicators to measure performance are logged
Develop a 'Children's Scorecard' to measure support for children living in poverty across Material Wellbeing, Mental Wellbeing, Diet and Physical Wellbeing and Skills for Life	Children's Scorecard developed following - Measuring Poverty (26 Indicators); feedback from Lived Experience of Child Poverty in Perth and Kinross, development of Perth and Kinross offer for families affected by poverty
Provide a video and training and offered to CP Partners for inclusion in their staff development and learning programmes.	Video produced; training materials provided to Public Health Scotland who took on this commitment.
A public information campaign will spread key messages around child poverty and direct parents to sources of help	The "Feeling the Pinch" and "Cost of Living Crisis" campaigns have been run, the Feeling the Pinch campaign was also reviewed.

We will scope out data driven approaches to identifying households where children are affected by poverty and delivering tailored support via key worker approaches	This work is ongoing. We are working with Improvement Scotland and the SAVVI project to identify if GDPR laws allow for this work to be undertaken.
A feasibility study for a Social Needs Screening programme will be undertaken, a toolkit, training course and pilot project developed	Social needs Screening project proposal has been developed, toolkit written, and we are currently seeking test of change funding to implement this project.

Appendix 2 - Child Poverty Action Plan 2022/23

Workstream 1 - Providing opportunities and support needed to enter, sustain, and progress in work (employability and skills, housing, connectivity and childcare, economic opportunity)

Challenges

Reaching Priority Families

Perth & Kinross Specific Challenges

- Supporting parents into employment which pays the Living Wage
- Taking action to close the gender employment and pay gaps
- Addressing challenges presented by rurality

(SMART) Action Description and desired outcome	Responsible Services	Due Date	Review Date
We will increase the number of affordable homes let from PKC own stock	Housing	March 2023	March 2023
We will increase opportunities for eligible families based on low incomes to access childcare across PKC.	ECS	Ongoing	March 2023
We will ensure there are sufficient childcare places for 2 – 5 year olds across public/community/private provision to support parental employment and endeavour to do the same for 0-2 year olds as SG resources to support expansion become available.	ECS	Ongoing	March 2023

We will create an online resource that provides Parents and Carers with up to date and timely information to support their child or family.	ECS	March 2023	March 2023
We will liaise with funded providers to progress their commitment to paying the real Living Wage to staff delivering funded hours of ELC.	ECS - Early Learning and Childcare	Ongoing	March 2023
We will establish an in-work poverty task force	NHS Tayside	March 2023	March 2023
NHS Tayside will become a fully accredited Living Wage employer	NHS Tayside	March 2023	March 2023
We will increase the uptake of eligible families accessing their Strong Start 2 place	ECS - early Learning and childcare	March 2023	March 2023
We will secure more funding to increase financial support to community transport schemes	Communities – Business and Resources	March 2023	March 2023

We will increase the number of demand responsive transport schemes in deep rural areas	Communities – Business and Resources	March 2023	March 2023
We will run awareness campaigns to increase uptake of free travel passes by the under 22s	Communities – Business and Resources	March 2023	March 2023
We will support 35 parents experiencing poverty whilst in employment and/or assist in moving into good quality, well paid sustainable employment	Skills and Employment Initiatives	March 2023	March 2023
We will support 17 parents experiencing poverty by funding training and development opportunities, utilising the Elev8 Training Grant	Skills and Employment Initiatives	March 2023	March 2023
We will assist public and third sector employers to create 58 new labour market opportunities for long term unemployed people for a period of up to 26 weeks	Skills and Employment Initiatives	September 2022	September 2022
We will assist in the creation of 120 new job opportunities, utilising PKC and Scottish Government funding	Skills and Employment Initiatives	March 2023	March 2023

We will develop a suite of skills academies to allow our residents to gain valuable accredited skills to aid progression in or into employment	Skills and Employment Initiatives	March 2023	March 2023
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Workstream 2 - Maximising the support available to families to lead dignified lives and meet their basic needs (person-centred support, social security, and income maximisation)

Challenges

Reaching Priority Families

Perth & Kinross Specific Challenges

- Addressing the rural poverty premium

(SMART) Action Description	Responsible Services	Due Date	Review Date
The unborn baby multi-agency support group will identify pregnant women who need additional support and refer them for income maximisation, wellbeing support and other relevant services	NHS Tayside	March 2023	March 2023
A mobile phone app will be developed to enable access to information and advice on how to tackle fuel insecurity across Tayside	NHS Tayside	March 2023	March 2023

Share and promote the NHS National Services Scotland Community Benefit Gateway (CBG) to help reduce health inequalities across Tayside - https://www.nss.nhs.scot/procurement-and-logistics/sustainability/access-our-community-benefit-gateway/	NHS Tayside	March 2023	March 2023
Increase the number of health and educational income maximisation referrals to welfare/energy advice services across Tayside.	NHS Tayside	March 2023	March 2023
Cost of Living and Child Poverty training to be delivered to, and promoted with, Early Year practitioners across Tayside.	NHS Tayside	March 2023	March 2023
We will put social needs screening in place for all child concern reports which addresses the impact of poverty on those children and families for whom a concern has been reported	Child Protection Committee	March 2023	March 2023
We will ensure all frontline workers and service managers are aware of issues relating to poverty related stigma and dignity (Public Health Scotland Training Programme)	ALL	March 2023	March 2023

We will continue to maximise streamlining of council concessions	Customer Services Board	December 2023	March 2023
We will deploy Cash 1 st approaches to reduce stigma and promote dignified entry points for help and support	Welfare Rights, ECS, Housing Services, HSCP, Third Sector	March 2023	March 2023
We will deliver a Cost-of-Living Crisis public awareness campaign focussing on benefits maximisation, energy efficiency food and crisis support for struggling families	Communities/Welfare Rights	September 2023	March 2023
We will deliver a Cost-of-Living Crisis Support programme aimed at mitigating the impact on struggling families	ALL	July 2022	March 2023
We will offer All Families a welfare rights check	Welfare Rights	Ongoing	March 2023
We will develop a test of change project in 3 localities to deliver tailored support packages to Priority Families	ALL	September 2022	March 2023

We will offer welfare rights advice to all Perth and Kinross employees	Welfare Rights Team	Ongoing	March 2023
We will work with cross sectoral partners to provide food, childcare and activities during holiday periods to eligible families based on low income.	Communities ECS	Ongoing	a April 2023
We will progress the forthcoming Scottish Delivery Plan detailing the provision of wraparound childcare, offering childcare before and after school and during school holidays	ECS	Ongoing	June 2023
We will increase the take-up of free school meals	ECS	Ongoing	March 2023

Workstream 3 - Supporting the next generation to survive and thrive (next generation)

Challenges

- Reaching Priority Families
- Closing the poverty related attainment gap

Perth & Kinross Specific Challenges

- Addressing the rural poverty premium

(SMART) Action Description	Responsible Services	Due Date	Review Date
We will establish an Anti- Poverty Task Force to provide leadership and co-ordination around poverty related matters	CPWG	Dec 2022	Dec 2022
We will establish a website to provide one stop shop for parental advice encompassing mental health and wellbeing	TRIC	March 2023	March 2023
We will increase support available to children and young people experiencing wellbeing challenges		March 2023	March 2023
We will raise attainment and achievement for all and close the attainment gap through our Raising Attainment Strategy	ECS	Ongoing	March 2023
Work with partners to support recovery, through implementation of evidence-based approaches to target literacy, numeracy and health and wellbeing outcomes.	ECS	Ongoing	March 2023

Ensure that there is a coherent, universal, and targeted approach to the “Young Person’s Guarantee” in partnership with all stakeholders.	SEI		
Develop and implement a Perth and Kinross action plan to deliver the new Tayside Emotional and Mental Wellbeing Strategy Connected Tayside and launch the Perth and Kinross local mental health pathway.	ECS		
Work with partners to support implementation of the Community Mental Health fund.	ECS		
Extend Free School meal provision to all Primary pupils pending additional SG support.	ECS		

Appendix 3 – Child Poverty Strategy

Outcomes box to be amended with text on next page

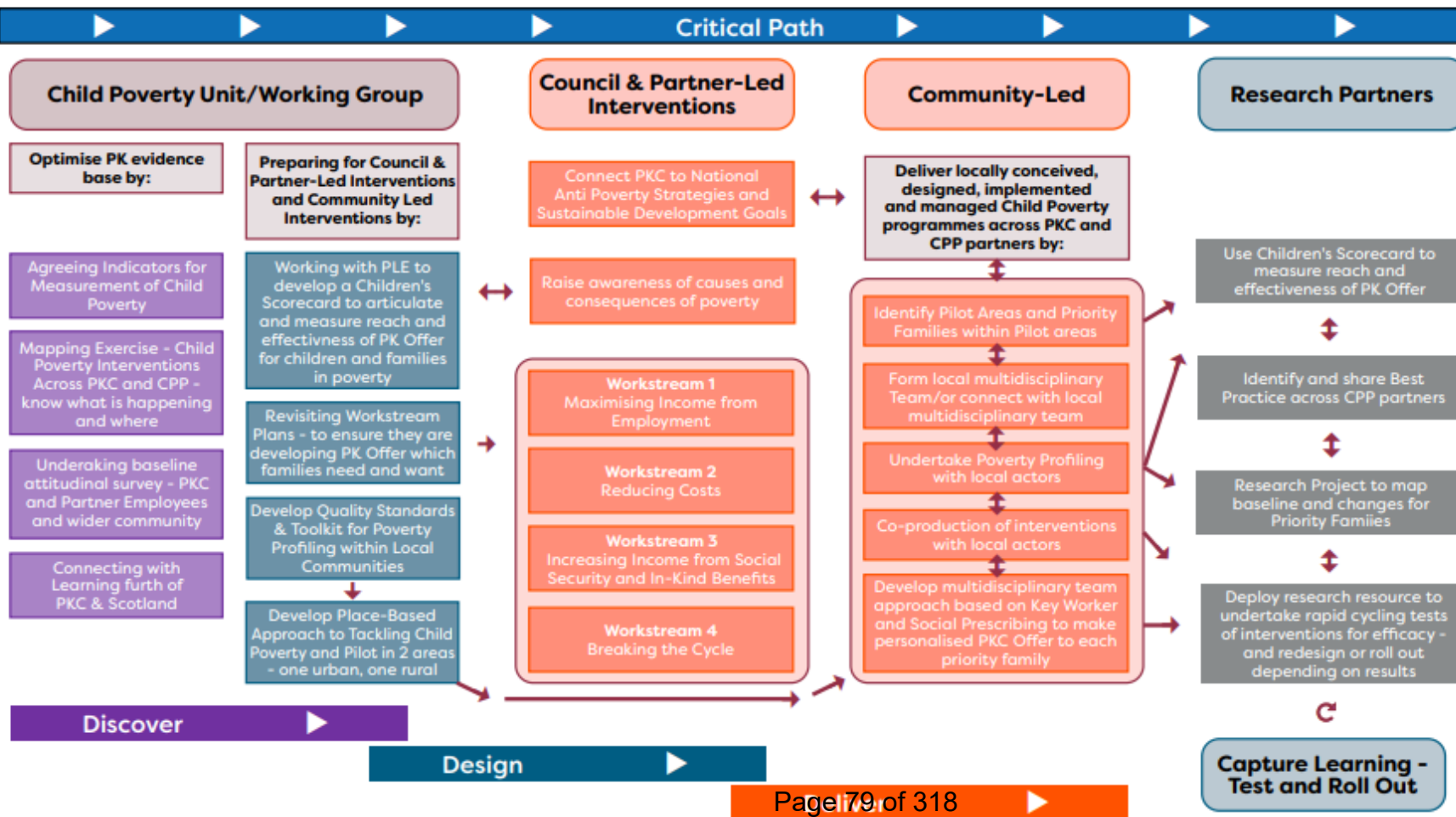
Perth and Kinross Child Poverty Strategy

Goals

- To raise awareness about the causes and consequences of child poverty
- To foster social cohesion and reduce the stigma surrounding poverty for children and families
- To reduce the negative effects of living in poverty for children and families
- To enable children and families to prepare themselves for a life free from poverty

Outcomes

- PKC Offer for Priority Families and children living in poverty
- To be identified through SPIRU Action Research Project



(To be added to text box – Outcomes above)

Objectives

Over the next 4 years Perth & Kinross Council will work with NHS Tayside and our Community Planning Partners to

- 5. Provide opportunities and support needed to enter, sustain and progress in work (employability and skills, housing and economic opportunity, connectivity and childcare)**

Sharpening Focus

- Supporting parents into employment which pays the Living Wage or more
- Taking action to close the gender employment and pay gaps
- Addressing challenges presented by rurality

- 6. Maximise the support available to families to lead dignified lives and meet their basic needs (person-centred support, social security and income maximisation).**

Sharpening Focus

- Addressing the rural poverty premium
- Addressing the needs of the gypsy traveller community and other minority ethnic communities
- Addressing stigma which prevents parents and families from seeking help and support

- 7. Supporting the next generation to survive and thrive (next generation)**

Sharpening Focus

- Closing the poverty-related attainment gap
- Addressing the challenges faced by disabled young people entering further and higher education and the jobs market
- Addressing mental health and wellbeing issues for parents and children affected by poverty

- 8. Deliver a one council, whole family, whole community approach to connecting children and families to the help and support they need to mitigate and move beyond poverty**

Sharpening Focus

- Changing the way we work to use data driven approaches to identify and connect with families affected by poverty
- Offer no wrong door approaches to connecting families to the help and support they need and want
- Developing multi-disciplinary, cross organisational working in teams at locality level to build inclusive communities which strengthen the web of support on offer to families and children affected by poverty

PERTH AND KINROSS COUNCIL

9 November 2022

ANNUAL CLIMATE ACTION REPORT AND ACTION PLAN UPDATE

Report by Executive Director (Communities)
(Report No. 22/272)

1. PURPOSE

- 1.1 This report is the first annual Climate Action Report. It provides the Council with an update on Perth and Kinross Council's (PKC) progress delivering its Climate Change Strategy and Action Plan. It reviews overall performance and progress along with the progress in each of the eight themes identified in the plan. It also proposes an annual update to the action plan for 2023/24.

2. RECOMMENDATIONS	
2.1	<p>It is recommended that the Council:</p> <ul style="list-style-type: none"> • declares a Climate and Biodiversity Emergency • approves the Climate Action Annual Report (Appendix A) and the associated detailed Action Plans for 2023/24 (Appendix B) • requests that the Council Leader raises the resource and delivery challenges associated with addressing the climate and biodiversity emergency with COSLA, Scottish and UK Governments and other relevant bodies as appropriate.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Climate and Biodiversity emergency
- Section 6: Progress since December 2021
- Section 7: Proposal for action in Year 2
- Section 8: Conclusion
- Appendices
 - Appendix A: Annual Climate Change Progress Report
 - Appendix B: Updated Climate Change Action Plan

4. BACKGROUND

- 4.1 In December 2019, Perth and Kinross Council approved an Interim Climate Emergency Report and Action Plan ([Report No 19/362 refers](#)). This highlighted the Intergovernmental Panel on Climate Change (IPCC) concerns in relation to keeping the global average temperature rise below 1.5°C, which was also reflected at COP26 in Glasgow last year.

- 4.2 To keep the global average temperature rise below 1.5°C, dramatic emissions reductions are required by 2030. To ensure Scotland plays its role in meeting this, the Scottish Government has set a 75% emissions reduction target by 2030.
- 4.3 Perth and Kinross Council has a legal responsibility for emissions reductions and climate resilience both within the Council's operations as well as across the entirety of Perth and Kinross. In December 2021, the Council approved its Climate Change Strategy and Action Plan (Report No 21/245 refers), which covers the identified necessary actions for the Council to undertake to address both Council operations and build resilience and reduce emissions across Perth and Kinross. This report set the strategic principles for the Council's approach to addressing the climate emergency and provided detailed action plans for eight key thematic areas. These are Transport, Buildings & Energy, Waste & Circular Economy, Business & Industry, Land Use, Resilience, Education & Engagement and Governance.
- 4.4 The report acknowledged that as climate change action is a rapidly changing environment, this plan will need to be constantly evolving and included a requirement to provide an annual update to the Climate Change Action Plan.
- 4.5 The Council agreed, at its meeting on 6 October 2021, to establish the Perth and Kinross Climate Change Commission (Report No. 21/142 refers). The Commission met for the first time in July 2022. The Commission is still itself in its development phase, but it will help shape further development or iterations of the roadmap through coproduction, guidance, and feedback.
- 4.6 In February 2022 (Report No 22/35), the Council approved an additional revenue budget of £440,000 to address the high priority items identified in the action plan.
- 4.7 In addition, the Council has also signed up to several initiatives. By becoming signatories to the Covenant of Mayors, the Edinburgh Declaration and the Glasgow Food and Climate Declaration (Report No. 21/209 refers), the Council has further evidenced its commitment to its responsibilities.

Legislation and targets

- 4.8 The report approved by Council in December 2021 outlined the main legislation and targets set by both the UK and the Scottish Government and include:
- the UK Climate Change Act 2008,
 - the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019,
 - Securing a green recovery on a path to net zero: climate change plan 2018 – 2032 update (Scottish Government), and
 - the second Scottish Climate Change Adaptation Programme (SCCAP2).

- 4.9 The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 has also given local authorities the duty to ensure their local authority areas decarbonise in line with the Scottish Government Target; are resilient to the impacts of climate change; and promote sustainable development. Compliance with this means climate change should be considered at the heart of every council decision, as well developing new streams of activity.
- 4.10 There are several pieces of corresponding legislation that put additional climate related duties onto local authorities. This year, the Local Heat and Energy Efficiency Strategy (Scotland) Order (2022) was published. This has put a legal duty on Local Authorities to develop Local Heat and Energy Efficiency Strategies (LHEES) and associated action plan that covers both domestic and non-domestic sectors across their whole geographical remit by December 2023.

5. CLIMATE AND BIODIVERSITY EMERGENCY

- 5.1 The Council was one of the first local authorities in Scotland to support the Scottish Government's declaration of a Climate Emergency in June 2019 and to acknowledge the Biodiversity Emergency through sign-up to the Edinburgh Declaration in 2021. However, given the Council's Strategy and Action Plan, it is considered that it is important for PKC to re-iterate its commitments and formally declare its own Climate and Biodiversity Emergency. Declaring a climate emergency is a subtle shift – from it being an emergency in Scotland that the Council is supporting the Scottish Government with, to the Council taking greater ownership for addressing the emergency within Perth and Kinross. This would recognise the significance of both climate and biodiversity emergencies and would allow PKC's commitments and efforts to address these crises to be better reflected when external benchmarking exercises are undertaken or and audits carried out.
- 5.2 As such, to reflect the Council's strong commitment to these themes, it is recommended that the Council declares a Climate and Biodiversity Emergency and refers to them as such going forward.

6. PROGRESS TO DATE

- 6.1 This report covers the progress made between December 2021 and September 2022. The Perth and Kinross Climate Change Update - 2022 (Appendix A) provides a full summary of progress, performance, and next steps. The key points are summarised below.

Key Achievements

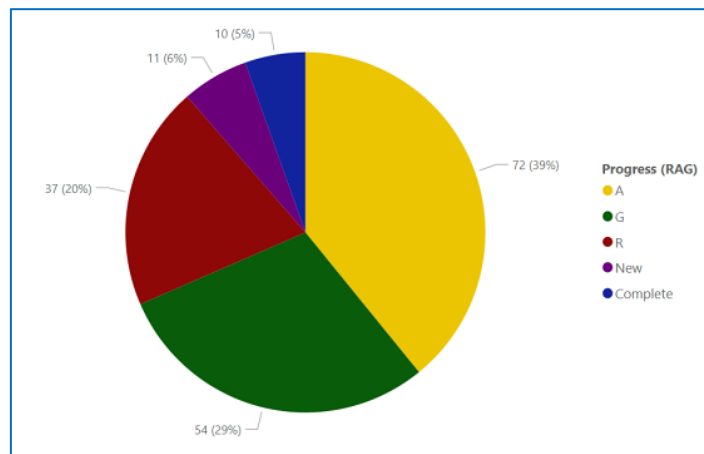
6.2 There has been progress to note across all eight climate action themes. Highlights of this progress, including which strategic theme it relates to, include:

- establishment of a Perth and Kinross Climate Change Commission with over 25% membership by young people (Governance);
- launch of a [dedicated website](#) that is a one-stop shop for climate change information. This has already received over 14,000 views as well as launching dedicated social media channels (Education and Engagement);
- the Perth and Kinross Youth Climate Conference organised on 4 November 2022, is a first step in meaningfully engaging with children and young people about climate change. The matters raised will be considered going forward (Education and Engagement);
- an expansion to the home energy advice services available to residents with our partners SCARF and The HEAT Project was commissioned which will double the capacity of these services (Buildings and Energy);
- Building Management Systems were further expanded across the non-domestic estate that will help to save 347 tonnes of CO2 per year (Buildings and Energy);
- a 7.2% reduction in recycling contamination was achieved through a successful stick-to-the-six Campaign (Waste and circular economy);
- £2.36M in funding from the Recycling Improvement Fund was secured to be able to roll out twin-stream recycling across Perth & Kinross (Waste and circular economy);
- the Electric A9 Project has been completed in partnership working with Transport Scotland to provide a strategic corridor of rapid EV chargers. This was designed to give a 20% increase in public EV charger capacity, which will help give drivers the confidence/impetus to transition to EVs. These have been strategically placed in communities near the A9 to help boost trade and footfall within these areas (Transport);
- the Dunkeld Road Corridor engagement/option development work is being progressed as part of the transformative Perth, People Place programme (Transport);
- successful engagement with large employers SSE, Aviva, Stagecoach, Highland Spring and Binn Group has identified key areas of collaboration (transport, energy, waste, skills and jobs) (Business and Industry);
- positive Council/Large employers joint initiatives have been agreed. These will raise awareness and provide info/advice to wider business community starting with a Perth and Kinross wide business survey in October 2022 (Business and Industry);
- successful outcomes from the Nature Restoration Fund – Year 1 both across the Council Estate and within communities including the Kinross Raingarden Project, which won the CIRIA award for 'Best Community SuDS project' (Land Use);

- Blairgowrie is Scotland's First Biodiversity Town (Land Use);
- through continued delivery of Flood Risk Management Cycle 1 projects, we are reducing the flood risk to our communities and infrastructure (Resilience);
- a new bridge scour assessment programme has started, focused on helping to proactively reduce the risk of future bridge damage and the associated impact to our communities (Resilience).

Delivery

- 6.3 At the end of September 2022, 29% of actions were classified as Green (completed or on-track) and 39% as Amber (some progress, but not progressing as quickly as envisioned). When looking at the actions classified as 'Top' in the prioritisation list for 2022, all actions have progressed this year. Appendix B provides an update on progress with a green, amber and red classification for each action.



- 6.4 One of the key challenges to progress actions this year has been as a result of either financial resources (none or limited) or staff resources. Recruitment delays meant several of the appointed officers were unable to commence their roles until Autumn 2022. Now that these officers are in post, it is expected that progress can increase in speed.

Resources allocated through February 2022 Budget Motion	RAG Status	Comment
Mobility Strategy	A	Part-time post in place since April 2022, with full-time officer in post from end of October 2022
Electric Vehicle Transition	A	Officer in place since September 2022
Mobility Strategy Development	G	Baseline modelling commissioned
Non-domestic Property	A	Officer in place from October 2022
Green spaces tree planting strategy	A	Officer in place from October 2022
Tree planting	G	To be delivered over the winter 2022/23 tree planting season
Community Support/ Private sector engagement – Smart Perth Energy	A	Consultancy brief drafted with procurement planned for October 2022
Community Support – Building and Energy Support	G	Service expanded from September 2022, with initial contracts in place through January 2024
Climate Change – PKC Support (Lead by Example)	G	Resource in place from June 2022 - work initially focused on actions in schools

Challenges and barriers

- 6.5 **Resources and capacity** – The available financial and staff resources have been a barrier to progress some of actions classified as red. Most actions were therefore delivered by Council officers in addition to other duties and therefore progress has been slower than planned or action not delivered as intended. Of the 184 actions identified in the Action Plan, 83 (45%) are fully resourced, 38 (21%) have resources for feasibility or design, but not yet delivery and 63 (34%) do not have delivery resources identified.
- 6.6 **Embedding climate change into decision making and across all Council decisions and operations** - The formation of the Climate Change and Sustainability Committee by the Council is a positive step towards helping to embed climate change into Council's decisions. There is still work to be done

to ensure that the cultural change approach is in place so that climate change is considered consistently across the Council. It should be noted that a key finding of a recent Accounts Commission update in Scotland is that "... Councils need to put Climate Change at the heart of decision-making.....which is complex and will take time but key challenges of a lack of resources, a lack of data and a lack of skills and capacity raised by focus groups."

- 6.7 **Influencing others to take action** - While the Council has a responsibility for overall climate emissions reductions across Perth and Kinross, the public sector is only directly responsible for less than 3% of emissions. However, the Council does have wider influence, through policies, land use planning and infrastructure provision. The Climate Change Commission recognises that it has a significant role to play in this area and is committed to doing so.

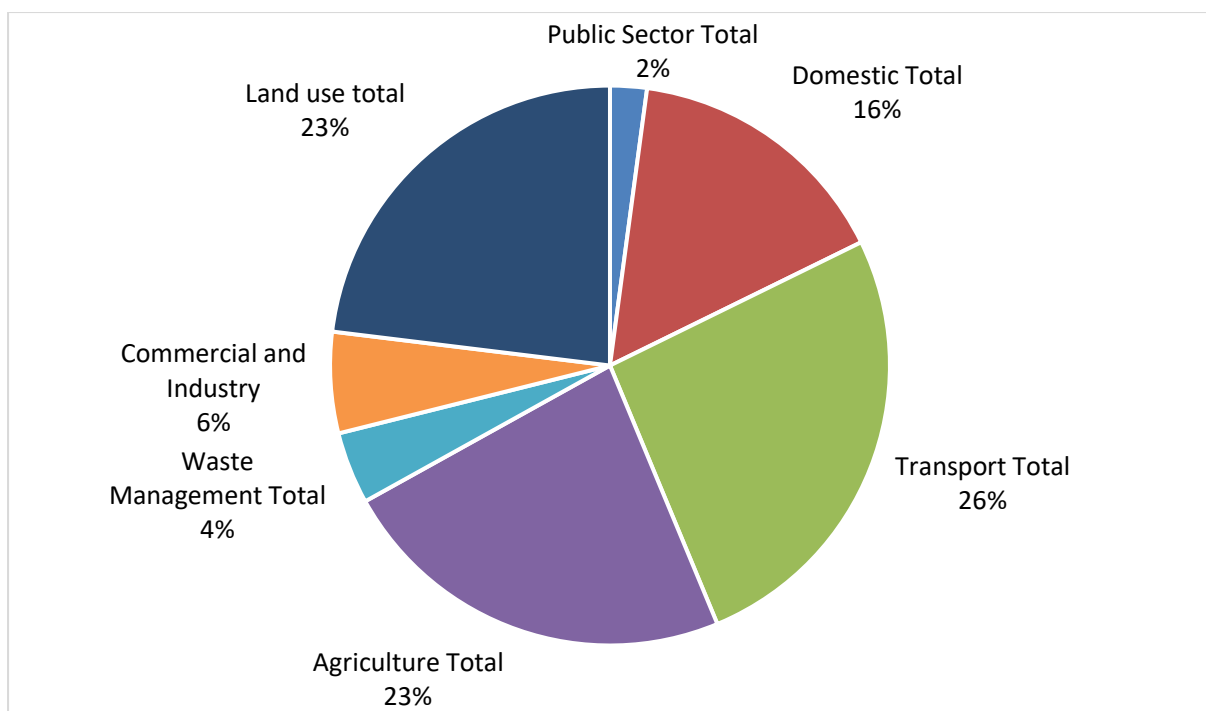
Performance

- 6.8 Six high-level key performance indicators (KPIs) have been established to give an overview of the Council's progress towards net zero. Due to the data lag, the values reported are for 2020 or 2021, so will not reflect changes due to the implementation of the Climate Action Plan. It should be noted that values for 2020 are likely to be lower due to the impacts of Covid-19 and may not follow the trend. Appendix A provides more details and analysis of the performance data and theme specific performance data.
- 6.9 A summary of the key performance data is shown in

Table 1. For the Perth and Kinross-wide emissions, the significant drop in emissions is primarily associated with a 23% reduction in year-on-year Transport emissions, the largest emissions source. All other categories, except land use, experienced small emissions reductions, while land use had a small emissions increase.

6.10 In the 2020 Local Authority emissions data, published by the UK Department of Business, and Industrial Strategy (BEIS) (June 2022), additional greenhouse gases to CO₂ were included in the emissions account, for the first-time. This meant that land use and agriculture are now the 2nd and 3rd highest emissions categories, responsible for 46% of total emissions. The new composition is shown in Figure 1.

Figure 1 Perth and Kinross Territorial Emissions 2020 (BEIS, 2022)



6.11 The Council's own emissions increased by 3% and is primarily linked with increased fleet usage in 2021/22 in relation to 2020/21. This would be expected due to impacts of Covid-19 on operations and, over 2021/22, returning to business-as-usual operations. In comparison with 2019, the overall total emissions have stayed relatively flat. An increase in progress will be required to meet our statutory targets.

Table 1 2022 KPI Data

KPI	Target	Current value	% change against baseline	% change over previous year
Perth and Kinross Area-wide territorial greenhouse gas emissions (kt CO ₂ e)	75% reduction on 1990 levels by 2030 and zero net emissions by 2045. The Scottish Government has not released the baseline data required to set the target	1229.4 (2020)	16%	13%
Perth and Kinross Area-wide territorial greenhouse gas per Capita emissions (t CO ₂ e)	75% reduction on 1990 levels by 2030 and zero net emissions by 2045. The Scottish Government has not released the baseline data required to set the target	8.1 (2020)	16%	13%
Perth and Kinross Area-wide CO ₂ emissions (kt CO ₂ e)	376kt CO ₂ e by 2030 (75% reduction on 1990 levels)	692 (2020)	24%	19%
Perth and Kinross Council Scope 1,2, and 3 emissions (t CO ₂ e)	Net zero by 2045	36,008 (2021/22)	17%	-3%
Carbon Disclosure Project (City Score)	'A' by 2024	C (2021)		D to C
% of Climate Change Indicators showing positive change	100% - due to many KPIs being new in 2022, this KPI cannot be meaningfully calculated this year	N/A	N/A	N/A
Climate Change Grant Funding secured (£k)	No target set 2021/22 taken as baseline year	646	N/A	N/A

Perth and Kinross Climate Change Commission

- 6.12 The Perth and Kinross Climate Change Commission was formed following an application process and subsequent selection of an Independent Panel. The Commission has 21 Members, 6 of whom are young people in the age range of 14-24. The Convener and Vice-convener of the Climate Change and Sustainability Committee, along with the Executive Director of Communities, represent the Council on the Commission.
- 6.13 The Commission had its first official meeting on 5 July. The Commission has held two workshops, focused on developing the goals and operational approach of the Commission, on 1 August 2022 and 8 September 2022. The Commission has agreed to select four priority areas to do initial deep dives into. Work is progressing on identifying these.

- 6.14 The Commission had its second formal meeting on 20 September 2022. Richard Oram and Jess Pepper were elected as co-Chairs of the Commission and Erin Fowler, Emily McGregor and Carys Campbell were selected as Young People's Champions. At this meeting, the Commission was given an opportunity to feed back on the Council's proposed action plan and comments include:

Table 2 Feedback from the Perth and Kinross Climate Change Commission

Commission feedback	Council response
<i>Transport behavioural change could be a low resource way to achieve significant impact. Need a robust mechanism to check whether behavioural change has been achieved.</i>	<i>Actions related to behavioural change have been included, but we will explore what additional actions can be taken or improved.</i>
<i>With the fabric first approach, it is important that materials are not just replaced with a material that will need to be replaced in 10 years' time. There should be a focus on maintaining and improving as possible</i>	<i>This was a general comment on best practice and when reviewing with Property officers, reflects the Council's current approach.</i>
<i>There are limits to PKC's ability to influence the private domestic sector. It is important for both PKC and the Commission to work to raise this with the Scottish Government to help deliver the necessary funding and policy changes.</i>	<i>A recommendation has been included in this report, asking the Council Leader to raise these issues as appropriate.</i>
<i>The Commission noted that Building and Energy Actions No BE 15 & BE 20, were on-hold due to budget constraints and wanted to express its support for funding of these actions.</i>	<i>Consideration will be given as to how best to achieve this.</i>

<i>The Commission noted that there were limited actions related to landowners and agriculture, given the high-emission focus of these areas.</i>	<i>It was explained that the Perthshire Nature Connections Partnership (Action No L1), supported by the Council, is focused on this. On the Resilience Action Plan, there are several actions related to this including: Exploration of the Kinross Natural Flood Management Scheme, which has been added to the Resilience Action plan. How best to deliver the catchment scale work would be given consideration.</i>
<i>The Commission asked if the Council could do more to influence behavioural change with respect to reducing food waste.</i>	<i>This is included as an action as part of the Food Waste Action plan (Action No W9)</i>
<i>The Commission noted that the Resilience theme focused primarily on Perth and Kinross rather than PKC operations and questioned whether it should do both</i>	<i>The preparedness of the Council has been included in the Terms of Reference for the Climate Change Risk and Opportunity Assessment being carried out. The outcomes from this assessment can help identify necessary actions to be taken forward in future years.</i>

7. PROPOSED YEAR 2 ACTION

- 7.1 Appendix A contains an overview by theme of the priorities for climate action in 2022/23 and the detailed action plans are contained in Appendix B. Across all themes, there are only minor adjustments to the Action Plan to reflect lessons learnt and progress made so far.
- 7.2 In October 2022, Members of the Climate Change and Sustainability Committee together with officers identified the top 25 priority climate actions for Year 2. These cover Perth and Kinross area-wide emissions, Council emissions and adaptation. These priorities are indicated in the detailed list of actions listed in Appendix B (Column I 'Prioritisation 2022' - marked 'Priority').

- 7.3 Some of the priority actions include the development of several key pieces of strategy. These include the Mobility Strategy, Domestic and Non-domestic estate decarbonisation strategy, and the Local Heat and Energy Efficiency Strategy (LHEES). Key projects include delivering the Recycling Improvement Fund Twin Stream Rollout, expanded work to improve the energy efficiency and removing high-carbon heating sources in our estate, land use management improvements, the flood risk management programme delivery and bridge scour management.

Resources and capacity

- 7.4 Limited financial and staff resources will continue to be a barrier to progress actions. The resource gaps below refer to what is needed to deliver the priority projects described above::
- landscape intervention projects – including natural flood risk management, peatland restoration, land use and biodiversity projects to help address the 46% of emissions associated with land use and agriculture;
 - Surface water management,
 - Support the delivery of the Recycling Improvement Fund Project
 - Undertaking energy improvement projects to the Council's non-domestic estate.
- 7.5 The resource shortfall to deliver the priority projects in 2023/24 has been estimated as £2.42M, of which £2.0M is capital funding and £423k is revenue funding. These items will be included in the 2023/24 budget process for due consideration by Members alongside other Council needs. It is worth highlighting that in 2023/24 there is development work of many critical strategies – the Mobility Strategy, the Local Heat and Energy Efficiency Strategy, as well as domestic and non-domestic estate decarbonisation plans. However, at this time, the full extent of the expenditure required is not yet known, it is likely to run into several hundreds of millions of pounds over the following 15 years.
- 7.6 While the future challenges are significant, the Council is already investing resources in its revenue and capital budgets to adapt its estate to meet the demands of the climate change agenda. However, in line with all local authorities, compared to the scale of investment required with the looming statutory intermediate targets, in or around 2030, Council's resources will not be sufficient to change the pace of action.
- 7.7 Officers will pursue all available funding sources. However, the achievement of net zero at the required pace will not be possible without external funding solutions. In seeking solutions on how best to address this challenge, there is an ongoing need to raise the resource and delivery challenges associated with addressing the climate and biodiversity emergency with COSLA, Scottish and UK Governments and other relevant bodies, as appropriate, and seek external funding solutions.
- 7.8 The response to the behavioural and cultural change required by residents and businesses is also a significant unknown but is key to the success of addressing and mitigating the impact of climate change.

8. CONCLUSION

- 8.1 The Council has made good progress in the first year of delivery of the Climate Change Strategy and Action Plan – helping to lay a foundation for the work in increasing years. However, to meet our statutory targets and organisational commitments and play an appropriate role in addressing the climate emergency, the Council will need to increase pace and scale of action in future years. However, given the scale of the financial challenges facing the Council, this will be increasingly difficult. As such, there is a need to advocate for more external funding solutions or reduce ambitions, making the achievement of the targets unlikely.
- 8.2 As seen by weather related events throughout 2022, climate change can no longer be thought of as a future risk but is a real and pressing current emergency. While there are other on-going crises, including the current cost of living crises, many of the actions proposed to address climate change would also help businesses and residents manage those. For example, improving energy efficiency cuts both bills and emissions, as can household renewables. Improving public transport and active transport can be the most equitable and cost-effective mode of transport; and helping our businesses prepare for the green economy can help create attractive, well-paying local jobs.

Authors

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Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	3 November 2022

APPENDICES

- Appendix 1 - Appendix A: Annual Climate Change Progress Report
- Appendix B: Updated Climate Change Action Plan

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	No
Workforce	No
Asset Management (land, property, IST)	No
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan/Single Outcome Agreement/Corporate Plan

- 1.1 Climate change clearly links to the Objective: 'Creating a safe and sustainable place for future generations.' It is also beneficial interlinked in multiple ways to all of the other priorities of the Community Plan and Corporate Plan.
- 1.2 Examples of the benefits are included below:
- (i) Giving every child the best start in life – Addressing fuel poverty
 - (ii) Developing educated, responsible and informed citizens – Engagement and climate literacy
 - (iii) Promoting a prosperous, inclusive and sustainable economy – Supporting the Development of green skills and jobs
 - (iv) Supporting people to lead independent, healthy and active lives – Increased levels of active transport and improved air quality
 - (v) Creating a safe and sustainable place for future generations – The overarching ambition of the Climate Action Strategy

2. Resource Implications

Financial

- 2.1 This report has no direct resource implications, but the Head of Finance has been consulted on the resource requirements for the delivery of this Strategy which would be considered as part of the 2023/24 budget setting process or via existing budgets.

Workforce

- 2.2 This report does not directly have workforce implications, but full delivery of the plan and if the resources identified are approved during the budget setting process, there will be.

Asset Management (land, property, IT)

- 2.3 This report does not directly have asset management implications.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as **relevant** for the purposes of the EqIA (with both positive and negative likely effects):
 - a. Equalities impacts were identified using the Integrated Appraisal Toolkit as part of the initial approved interim Climate Change Plan in 2019. The proposed Climate Change Strategy and Action Plan 2021 builds on the interim strategy, with relevant general impacts as highlighted in b). All actions proposed in the new action plan were considered for their equalities impacts during the plan development phase. Once the action plan has been approved, actions will be periodically assessed as they progress, and if necessary, a full EqIA will be undertaken, and appropriate mitigation taken as described in c).
 - b. The report recognises that the most severe impacts of climate change are likely to be felt by people experiencing greater risks of poverty and disadvantage. It also recognises that by promoting future mitigation measures in the move towards zero carbon, certain groups may be disproportionately impacted.

- c. The strategy and action plan seek to create a net zero economy that is fair for all, minimises potential for inequalities, and maximises the socio-economic opportunities for all. As part of the action plan, a decision-making toolkit will be established to consider future climate change mitigation and adaptation actions, to ensure just transitions are prioritised.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 This section should reflect that the proposals have been considered under the Act and pre-screening has identified that the PPS will have no or minimal environmental effects, it is therefore exempt, and the SEA Gateway has been notified. The reason(s) for concluding that the PPS will have no or minimal environmental effects is that the Strategy is unlikely to trigger the Act as will not lead to future development by itself but rather other sector and subject plans, programmes and strategies will provide the detail which if appropriate will be assessed at the time.

Sustainability

- 3.5 The proposal has been considered under the provisions of the Climate Change (Scotland) Act 2019 and it has been assessed that:
- 3.6 A large number of positive climate change and sustainable development outcomes are likely as a result of this proposal being implemented, across all eleven sections of the Integrated Appraisal Toolkit. The screening undertaken for the Interim Climate Emergency Report was reviewed and determined to be still applicable.
- 3.7 All actions proposed are likely to contribute to the provisions of the Act and will be reported as part of the annual Public Sector Climate Change Duties Reporting process.

Legal and Governance

- 3.8 The Head of Legal and Governance has been consulted in the preparation of this report.

Risk

- 3.9 Climate Change is recognised as the joint-top corporate risk to the Council. The proposals focus on addressing and reducing the risks that Climate Change poses.

4. Consultation

Internal

- 4.1 The Council's Climate Change Board and Climate Change Working Groups were consulted on the report and appendices.
- 4.2 The Communities SMT was consulted on 29 September 2022.
- 4.3 The Council's Climate Change and Sustainability Committee were consulted on 24 October 2022.

External

- 4.4 The Perth and Kinross Climate Change Commission were consulted about the proposed action plan on 22 September 2022.

5. Communication

- 5.1 Communication is addressed by the actions under the Education and Engagement theme action plan.

2. BACKGROUND PAPERS

- 2.1 No additional documents have been relied on in preparing the report, other than those committee reports already referenced within the main body of the report.

ANNUAL CLIMATE CHANGE REPORT 2022



Introduction

Events throughout 2022, from the September floods in Perth and Kinross, the summer heatwaves and drought in Scotland, the UK and globally, intense winter storms and spread of forest fires – have highlighted that climate change can no longer be thought of as a future risk, but is a real and current emergency that requires concerted effort to address.

Perth and Kinross Council (PKC) detailed out its approach to addressing the climate emergency in its [Climate Change Strategy and Action Plan](#) (CCSAP) that was unanimously approved in December 2021. This report provides the update of the first nine months of delivery from January – September 2022.

It highlights the good progress made in the first year of delivery of the Strategy and Action Plan – helping to lay a foundation for the work in increasing years. However, it also recognises there are still many challenges to overcome and to meet our statutory targets and organisational commitments, there needs to be an increase in pace and scale of action next year and years going forward.

The CCSAP is divided into long-term objectives, Council Commitments and thematic plans covering:

- Transport
- Buildings and Energy
- Business and Industry
- Waste and circular economy
- Land use
- Resilience
- Education and engagement
- Governance.



The six overarching objectives that are shaping delivery are:

1. achieving Net Zero aligned with the Paris Agreement and the Scottish Government Targets, with the ambition of achieving them sooner
2. building a more resilient Perth and Kinross
3. ensuring climate action is fair and benefits all and we deliver a green recovery to Covid-19
4. enhancing biodiversity to help avoid an ecological emergency
5. engaging and empowering children and young people to take action on climate change
6. empowering our communities and businesses to take climate action in line with the Perth and Kinross Offer.

Overall Highlights



Overall Highlights

Governance

Establishment of a Perth and Kinross Climate Change Commission with over 25% membership by young people

Transport

The Electric A9 Project has been completed in partnership working with Transport Scotland

Dunkeld Road Corridor engagement/option development work being progressed as part of the transformative Perth, People Place programme

Launch of a dedicated a website that is a one-stop shop for climate change information that has already received over 14,000 views as well as launching dedicated social media channels

Education and Engagement

Successful engagement with large employers SSE, Aviva, Stagecoach, Highland Spring and Binn Group identifying key areas of collaboration (Transport, Energy, Waste, Skills and jobs)

Positive Council/Large employers joint initiatives to raise awareness and provide info/advice to wider business community

Business and Industry

Buildings and Energy

Commissioning an expansion to the home energy advice services available to residents with our partners SCARF and The HEAT Project

Further expansion of Building Management Systems across the non-domestic estate that will help to save 347 tonnes of CO2 per year

Land Use

Successful delivery of the Nature Restoration Fund - Year 1 across the Council Estate and working with Community Partners

Blairstown becoming Scotland's First Biodiversity Town

Achieving a 7.2% reduction in recycling contamination through a successful stick-to-the-six Campaign

Successfully securing £2.36M in funding from the Recycling Improvement Fund to be able to roll out twin-stream recycling across Perth & Kinross

Waste and Circular Economy

Reducing the flood risk to our communities and infrastructure through continued delivery of Flood Risk Management Cycle 1 projects

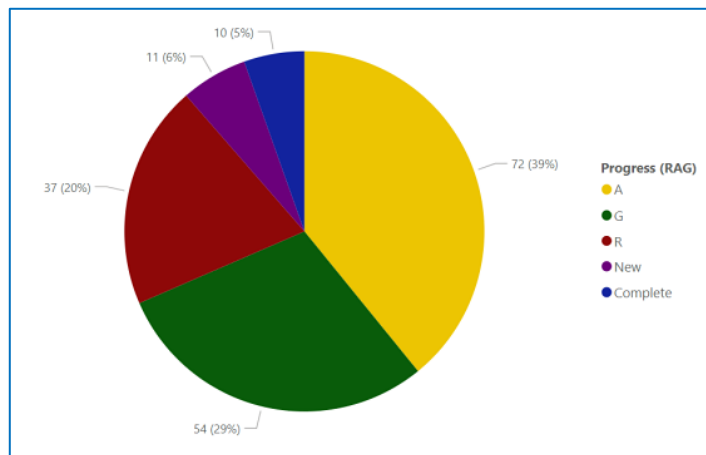
Commencement of a new Bridge Scour Assessment programme focused on helping to proactively reduce the risk of future bridge damage and the associated impact to our communities

Resilience

Progress

As of 30 September 2022, 29% of actions were classified as Green (completed or on-track) and 39% as Amber (some progress, but not progressing as quickly as envisioned). An additional 5% were completed.

When reviewing the 27 Actions classified as 'Top' in December 2021, progress has been made on all of them and none are classified as Red. Challenges with recruitment and mobilisation of resources needed to deliver the plan have contributed to the higher than desired levels of Amber actions, with several of the appointed officers unable to commence their roles until Autumn 2022.



The CCSAP identified the actions required to meet the Council's objectives and legislative duties, but not all actions had secured resources. In February 2022, the Council allocated an additional £440k, ensured all the 'Top' priority actions could progress, but many of the remaining unsourced

actions have been unable to progress due to resource constraints.

Challenges and barriers

The following key challenges were experienced when delivering the plan:

- **Resources and capacity** Recruitment delays have had an impact on plan delivery. Many of the actions have been delivered by officers who balance business as usual statutory duties with climate change action, which is limiting the speed and ability to progress. Additional resources have been identified as required to progress the identified High priority actions this year.
- **Embedding climate change into decision making and across all Council decisions and operations** - The formation of the Climate Change and Sustainability Committee by the Council is a positive step towards helping to embed climate change into Council's decisions. There is still a need to improve to have climate change considered by everyone as part of their role.
- **Influencing others to take action** - While the Council has a responsibility for overall climate emissions reductions across Perth and Kinross, the public sector is only directly responsible for less than 2% of emissions. The Council has means of having wider influence, through policies, planning and infrastructure provision that will get us part of the way there. In some areas, it will require us to work differently (e.g. focus on public behavioural change) or with different partners while trying to have a wider

influence than we traditionally have – e.g. working with the agriculture and land use sectors.

Performance

The CCSAP proposed a performance framework consisting initially of six high-level key performance indicators (KPIs) as well as theme specific indicators. Due to the data lag, the values reported are for 2020 or 2021, so will not reflect changes due to the implementation of the Climate Action Plan.

A summary of the key performance data is shown in Table 1. For the Perth and Kinross-wide emissions, the significant drop in emissions is primarily associated with a 23% reduction in year-on-year Transport emissions, the largest emissions source. All other categories except land use experienced small emissions reductions, while land use had decrease in sequestration (emissions removal). The land use change is attributed to where, in the growing to harvesting cycle, many commercial forestry sites in Perth and Kinross are.

In the 2020 Local Authority emissions data published by BEIS (June 2022), additional greenhouse gases to CO₂ were included for the first-time in the emissions account. This meant that Land Use and Agriculture are now the 2nd and 3rd highest emissions categories, responsible for 46% of total emissions. As total greenhouse gas emissions have only had back data calculated until 2018, both CO₂ and total greenhouse gas emissions have been kept as KPIs at this time.

The revised emissions composition is shown in Figure 1.

Figure 1 Perth and Kinross Territorial Emissions 2020 (BEIS, 2022)

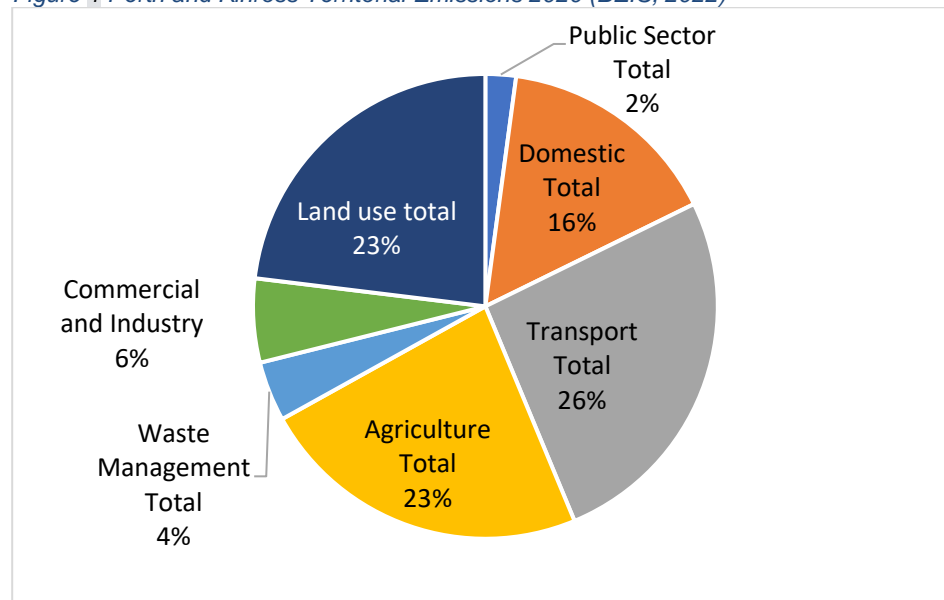


Table 1 2022 KPI Data

KPI	Target	Current value	% change from previous year
Perth and Kinross Area-wide territorial greenhouse gas emissions (kt CO ₂ e)	75% reduction on 1990 levels by 2030 and zero net emissions by 2045.	1229.4 (2020)	13%
Perth and Kinross Area-wide territorial greenhouse gas per Capita emissions (t CO ₂ e)	75% reduction on 1990 levels by 2030 and zero net emissions by 2045.	8.1 (2020)	13%
Perth and Kinross Area-wide CO ₂ emissions (kt CO ₂ e)	376kt CO ₂ e by 2030 (75% reduction on 1990 levels)	692 (2020)	19%
Perth and Kinross Council Scope 1,2, and 3 emissions (t CO ₂ e)	Net zero by 2045	36,008 (2021/22)	-3%
Carbon Disclosure Project (City Score)	'A' by 2024	C (2021)	D to C
% of Climate Change Indicators showing positive change*	100%	N/A	N/A
Climate Change Grant Funding secured (£k)	No target set	646	N/A

* Due to many KPIs being new in 2022, this KPI cannot be meaningfully calculated this year

Perth and Kinross Area-wide territorial greenhouse gas emissions (ktCO₂e)

The Scottish government has not yet released 1990 baseline data required to set the 2030 reduction target for Perth and Kinross. Perth and Kinross data for this indicator is only available from 2018. A target figure for 2030 of 75% reduction has been estimated as 685 KtCO₂e, based on using the [2019 data for Scotland](#) to extrapolate assuming the same decarbonisation trend for Perth and Kinross.

Chart 1 shows recorded greenhouse gas emissions between 2018 and 2020 were in line with the estimated 1990 baseline reduction and on target to reach 75% reduction by 2030.

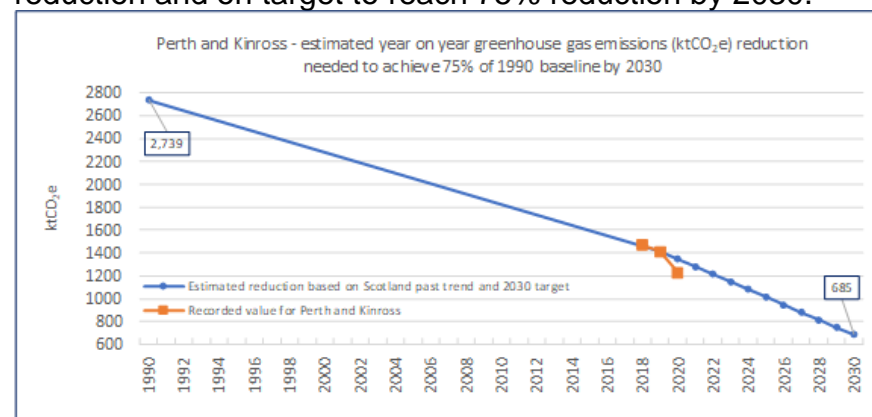


Chart 1 GHG Territorial Emissions for Perth and Kinross

Perth and Kinross Area-wide territorial greenhouse gas per Capita emissions (tCO₂e)

Perth and Kinross data for this indicator is similarly only available from 2018. Since 2018, per capita greenhouse gas emissions in Perth and Kinross have steadily reduced, following the trend for Scotland but have continued to remain

higher than the Scottish average as would be expected for a local authority with a more rural population.

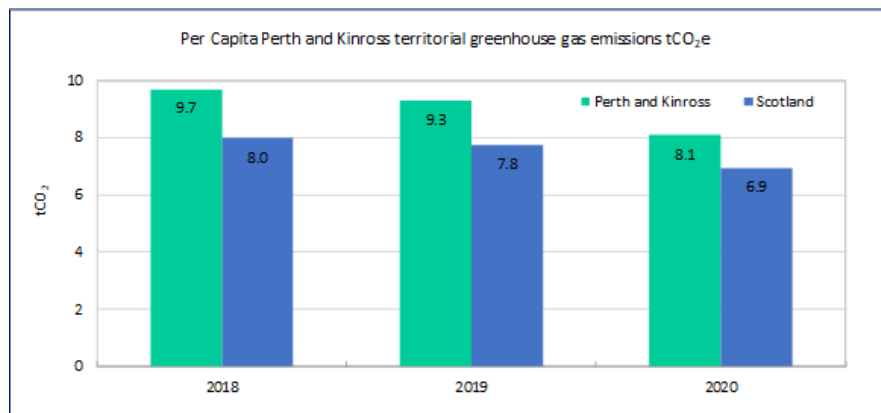


Chart 2. Per capita GHG Emissions (BEIS,2022)

Perth and Kinross Area-wide CO₂ emissions (ktCO₂e)

The Scottish government has not released 1990 baseline data required to set the 2030 reduction target for Perth and Kinross, and Perth and Kinross data for this indicator is only available from 2005. A baseline and target values have been set using the [2019 CO₂ data for Scotland](#) to extrapolate backwards between 1990 and 2005.

Chart 3 shows a steady reduction in recorded CO₂ emissions from 2005 onwards. It shows that while there was a steady downwards trend, only the significant Covid related emissions reductions in 2020 brought the emissions down to a level that

¹ Emission scopes reflect where emissions occur in relation to organisation. Scope 1 emissions are emissions produced by an organisation directly (e.g. from gas or oil boilers and fleet); Scope 2 emissions are those associated with the purchased energy consumed

complies with the Scottish Government's interim emission target for 2020 of 56%.

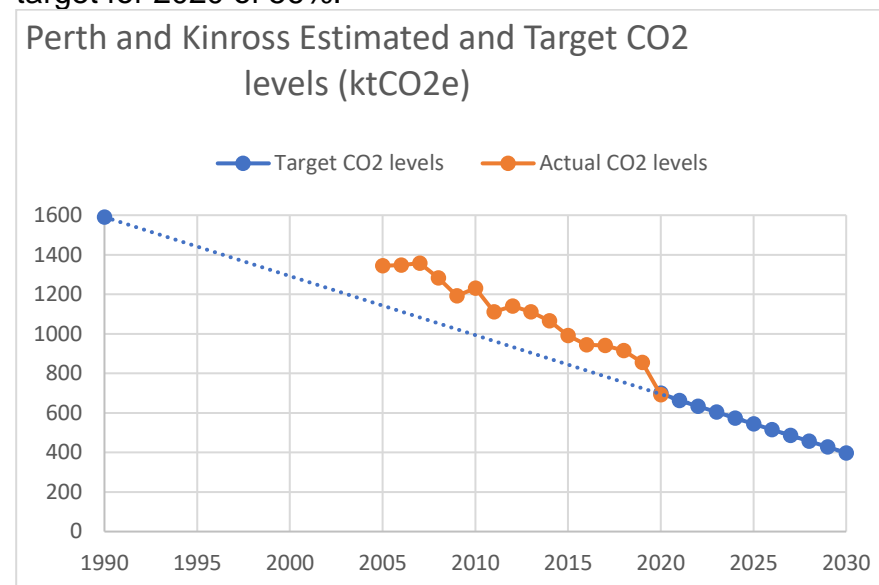


Chart 3. Perth and Kinross CO₂ emissions (BEIS,2022)

Perth and Kinross Council Scope 1,2, and 3 emissions (tCO₂e)

Since 2015/16, the Council has reported its Scope 1, 2 and 3 emissions¹ as part of the statutory Public Bodies Climate Change Duties Compliance Reporting process. In 2021/22, a carbon footprint of 36,0078 tCO₂e was recorded. This shows a 17% reduction on the 2015/16 baseline.

(electricity, heat networks), Scope 3 emissions are the upstream and downstream emissions that occur because the organisation (e.g. water and waste water treatment, purchased goods and services, staff travel and homeworking emissions).

PKC's own emissions increased by 3% year-on-year. This is primarily linked with increase fleet usage in 2021/22 in relation to reduced travel associated with home working in 2020/21. It should be noted that an increase in Scope 1 emissions in 2021/22 were due to increased reporting of vehicle use across Council fleet. Like for like transport emissions have still decreased since 2019, which is the last comparable year without the Covid-19 impacts. In comparison with 2019, the overall total emissions have stayed relatively flat. Further progress will be required to meet our Statutory targets.

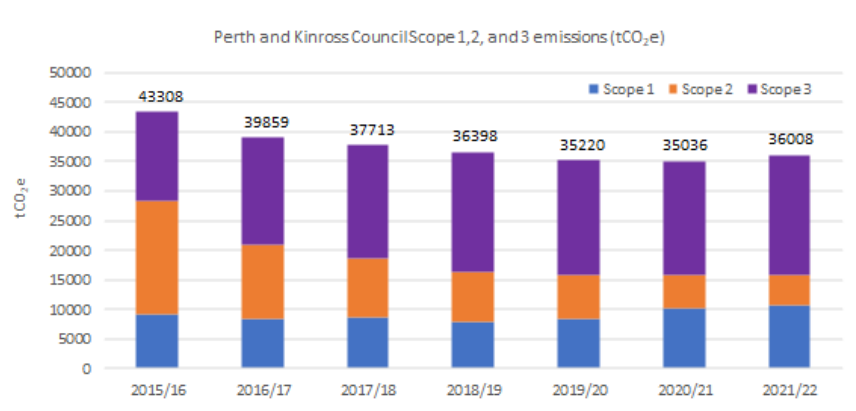


Chart 4. Perth and Kinross Council Combined Scope 1,2 and 3 emissions.

Carbon Disclosure Project (CDP) City Score

The CDP City Score uses an independent scoring methodology to assist organisations in measuring and managing their risks and opportunities on climate change. In 2021, Perth and Kinross Council was assessed as having a city score of 'C – Awareness level'. This shows improvement

on the previous year and indicates the Council has begun to assess and measure impacts to get a holistic understanding of the main impacts of climate change across Perth and Kinross.

% of Climate Change Indicators showing positive change

A number of the Council's Climate Change indicators were only established in 2021/22 and therefore a figure on percentage change is not available for this report. A full update will be provided in the next annual report due in 2023 once baseline values have been confirmed.

Climate Change Grant Funding secured (£k)

In 2021/22, the Council secured £646k of external Climate Change related grant funding. This is a significant increase on the £390k in 2021/22, but down from the £964k in 2019/20. There is significant grant funding available and further efforts will be made to increase this amount and meet our aspirations.

Theme 1 Transport

Overall, transport emissions across Perth and Kinross have decreased by 23% to 431 ktCO₂e between 2019 and 2020 according to the latest data published by BEIS (2022). Within Perth & Kinross Council, work against the key transport themes identified in the Climate Change Strategy has progressed over the past year in relation to:

- increasing active transport across Perth and Kinross
- accelerating the EV transition
- improving public transport provision
- reducing vehicles in town centres
- ensuring resilient transport systems

Highlights

Highlights from the progress this year include:

- Perth People Place - Dunkeld Road Corridor public launch and progression on community engagement and option development.
- expansion of vehicle exclusion zones for several of primary schools that improve air quality and safety, as well as encouraging active transport.
- an Electric Vehicles Project Officer and a Mobility Strategy Lead Officer have now been appointed to take forward work to accelerate the development of both the EV and Mobility Strategies.
- the Electric A9 Project has been completed in partnership working with Transport Scotland.
- development of the Strategy and business case to decarbonise the inhouse fleet and review public EV charging requirements and appropriate future business model based on forecast scenarios.

Delivery

The Action Plan identified 10 Transport Actions. As of 30 September 2022, 90% of the actions can be classified as Green or Amber in terms of progress.

The main challenges associated with delivering the Transport Action Plan are in relation to resources and staff capacity to continue to deliver statutory duties including addressing the climate emergency.

The behavioural change element is significant in achieving the actions relating to the conversion to electric cars, modal shift and reducing vehicle kilometres. The Council can only influence over this element which poses a great challenge in reaching net zero by 2045.

Review of Top and High Priority Actions

Top Priority Actions include:

- develop detailed design and construction of active travel route by 2025/26: **Green** - Being delivered through the Perth People Place Programme
- develop comprehensive Mobility Strategy for Perth and Kinross: **Amber** - in progress with preliminary work having started on various projects with the new Lead Officer being appointed and commencing in October.
- develop comprehensive active travel network in association with Mobility Strategy: **Amber** - in progress with analysis underway on feasibility and traffic impacts. Resources are available for feasibility/design only.
- develop a strategy for the expansion of EV charging infrastructure: **Amber** – a Project Officer has now been appointed and is working with Regional Partners and

Scottish Futures Trust on the business case and funding models.

- develop and implement a strategy to transform the Council's fleet to electric and alternative fuel vehicles: Draft Strategy has been completed by Urban Foresight with a number of potential options to be progressed to achieve fleet decarbonisation targets. Parallel work ongoing with Scottish Cities Alliance exploring joint working and procurement opportunities.

High Priority Actions include:

- explore measures to increase walking and cycling to schools and improve air quality
- develop the low carbon and active travel hubs project
- investigate options and develop plans for future park + ride sites at Luncarty, Walnut Grove and Bridge of Earn
- prepare impact analysis and costings to identify funding for improving bus stop infrastructure
- bid for Smarter Choices, Smarter Places funding to support discounted bus fare initiatives targeting young people: no resources identified to date

Positive outcomes as a result of High Priority Actions:

- PKC received £273,077 from the Scottish Government Air Quality Grant for 22/23 projects
- Tay Cities Deal funding to augment upgrading of rail station by improved linkages to the city centre.
- 2019 *National Low Emission Framework* (NLEF) Assessment found that neither Perth nor Crieff required a Low Emission Zone (LEZ) to achieve National Air Quality Objectives.

Progress against Statutory Targets

There are several statutory targets in relation to the decarbonisation of the Transportation sector as follows.

- I. *transport sector emissions reduced by 75% by 2030:* emissions have reduced by 23% between 2019 and 2020, however, this is largely attributed to Covid-19 travel restrictions. Very minor decreases (3%) were observed from 2005 to 2019. Significant increase in progress will be required to meet targets
- II. *20% reduction in vehicle kilometres required across Scotland by 2030:* the total vehicle km in Perth and Kinross will need to be reduced to 2095 million vehicle kms by 2030 to reach the target. The transport reduction in 2020 brought this down below that level to 1977 million vehicle kms.
- III. *decarbonisation of public sector fleets (light fleet by 2025, heavy fleet by 2030):* insufficient data to show the trend, however the current position is 11% fully electric vehicles, 35% hybrid and 45% combined. A Strategy for the conversion of Council fleet is currently under development.
- IV. *establish Low Emission Zones (LEZ) to transform towns and cities into cleaner, healthier places, to live, work and visit by 2023:* Since 2004, air quality in Perth and Kinross has steadily improved. The 2019 NLEF. Assessment found that neither Perth nor Crieff required a LEZ to achieve National Air Quality Objectives. In 2021, levels at all four P&K RTM locations remained below the annual mean targets for Nitrogen dioxide (NO₂) and Particulate Matter (PM₁₀). This target is therefore on hold, but could be reinstated if air quality deteriorates.

Key Performance Indicators

KPI	Previous Value	Current Value	Target
Transport emissions CO ₂ (kt CO ₂ e)	556	431	75% reduction in Transport emissions by 2030
% Journeys to school by active transport	49.4%	50.3%	To be set as part of the P&K Mobility Strategy (under development)
% Journeys to school by sustainable mode of transport	33%	27%	To be set as part of the P&K Mobility Strategy (under development)
Total vehicle kms (millions)	2619	1977	20% reduction on 2019 levels by 2030 – 2095 million km
Public EV charging devices per 100,000 population	-	88.2	To be set as part of the P&K Mobility Strategy (under development)
Council fleet vehicles that are zero direct-carbon	5.3%	5.3%	100% light fleet from 2025 and heavy fleet from 2030

Focus for upcoming year

The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include:

- continue the development of the Perth and Kinross Mobility Strategy.
- further development of an EV Strategy and Infrastructure Expansion Plan in association with our Regional Partners and Scottish Futures Trust to enable a funding bid to be made to the EV infrastructure Fund.
- further development of the Park and Rides at Bertha Park, Walnut Grove
- partnership working with Transport Scotland and Network Rail on the new Perth Bus/Rail interchange.
- revisit road use in the city centre, as part of Phase 4 of the Perth Transport Futures project.
- develop and implement a strategy to transform the Council's fleet to electric and alternative fuel vehicles

Theme 2- Buildings and Energy

Overall, domestic energy emissions across Perth and Kinross have decreased by 3.6% from 265 ktCO₂e to 255 ktCO₂e between 2019 and 2020 according to the latest data published by BEIS (2022). Emissions from the Council's non-domestic estate increased by 6% year on year between 2020/21 and 2021/22. The 21/22 value however still shows and improvement on the 2019/20 pre-Covid value.

The Buildings and Energy work of the Climate Change Strategy and Action Plan has been progressing in relation to the following categories:

- non-domestic Perth & Kinross Council properties
- non-domestic Perth and Kinross area properties
- domestic Perth & Kinross Council properties
- domestic Perth and Kinross area properties (non-Council)

Highlights

- building on the successful energy savings in previous years, the Council's energy team undertook a further expansion of Buildings Management Systems (BMS) across the non-domestic estate over 2021/22 that will help save 347 tonnes of CO₂ per year.
- recognising the parallel climate and cost-of-living crises, the Council supported and funded the expansion of home energy advice services to households across Perth and Kinross by both the HEAT Project and SCARF.
- securing HEEPS-ABS funding from Scottish Government for 2022-2023 that will enable the progression of energy efficiency projects for PKC's domestic projects.

- construction started on site for Perth and Kinross's first Passivhaus primary school – Riverside Primary School in North Muirton in Perth. This is part of the Council's commitment to build all new non-domestic property to Passivhaus standards.



Delivery

The Action Plan identified 18 buildings and energy actions. As of 30 September 2022, 61% of the actions can be classified as Green or Amber in terms of progress.

- recruitment of officers in the Housing Improvements Team necessary to take social housing retrofit projects forward.
- recruitment of an Energy Projects Officer to develop the non-domestic estate decarbonisation plan.

The main challenges associated with delivering the Buildings and Energy actions include:

- sufficient funding to take forward projects in the non-domestic estate.
- staff capacity due to conflict with main duties and core functions.
- significant budget pressure for 2022/23 and beyond, due to increased cost of energy for both the domestic and non-domestic estates.
- staffing changes across teams has led to reduced capacity to take forward some aspects of the Action Plan.

Review of Top and High Priority Actions

Progress in relation to:

- non-domestic: the top priority actions have been taken forward, however, some high priority actions have stalled due to lack of funding and resources
- domestic: the top priority actions are being progressed, however, progress is being restricted in relation to some high priority actions while recruitment completes and there limited capacity elsewhere.

Positive outcomes as a result of top and high priority actions:

- The Scottish Government LHEES Pilot Project has been completed and PKC officers are in the process of identifying key tasks, roles, and responsibilities to prepare and undertake the necessary work to deliver a LHEES Strategy & Delivery Plan linked to the recently introduced statutory duty.
- survey work now complete on Council houses, but the final report is awaited in order assess the scale of fuel poverty and develop an action plan to tackle the issue.
- funding was committed to renew and expand energy advice services to increase the percentage of households receiving energy efficiency advice across Perth and Kinross.
- Scope 1 and 2 emissions from Council estate have decreased.

Progress against statutory targets

- 68% reduction in emissions from buildings by 2030 with respect to 2020 levels:* The total area-wide carbon dioxide emissions from domestic sources have been decreasing steadily with the 2020 figure showing a 43% reduction compared to 2005 levels.

- decarbonisation of the Public Sector Estate by 2038* Scope 1 and 2 emissions from Council estate have also been decreasing with the latest figure for 2021/22 being 10,761 tonnes CO₂. Year on year reductions were only 1% and an acceleration of action will be required to meet this target.
- social housing to be EPC D by 2025 and EPC B by 2032:* the percentage of Council housing with EPC improvements is increasing over the years with 576 (6.1%) properties having an EPC B or above in 2022.
- all new build social housing to be net zero by 2026:* A new Housing Design Guide is being developed.
- private rented homes to be EPC D by 2025 and EPC C by 2028:* The data is not currently available on progress in this area. It is important that landlords are supported through this transition to avoid a sell-off and associated shortfall of rented properties. The Council's HMO Licensing and Landlord Registration Team provide help and advice to landlords on a wide variety of topics, including EPCs.
- development of Local Heat & Energy Efficiency Strategies (Strategy & Delivery Plan) by end of 2023:* PKC has helped to shape the development of LHEES nationally through policy to data including undertaking a number of pilot projects. Officers are now working to deliver a LHEES Strategy & Delivery Plan by 31 December 2023.

Key Performance Indicators

KPI	Previous Value	Current Value	Target
Total area-wide carbon dioxide ktCO ₂ emissions from domestic sources	264.7	255.1	Estimated 115 ktCO ₂ based on 75% reduction in domestic emissions by 2030 in relation to 1990 levels.

Scope 1 and 2 emissions from Council Estate (tonnes CO ₂)	10,111	10,658	Annual emissions of 4,396 tonnes CO ₂ by 2030
Heating oil consumption in PKC non-domestic estate (kWh)	2,321,081	2,164,774	All sites with oil as a heat source to be removed by 2030
Renewable energy generated across the PKC estate, including from Low Carbon Heat Sources (MWh)	2972	2534	Renewable energy shall be installed where feasible to maximise production
% of Council housing meeting the Energy Efficient Standard 2 for social housing (minimum EPC B)	n/a	6.1%	EESH2 standards of 100% of Council Housing to meet EPC B by 2032
Number of P&K households provided with energy efficiency and/or low carbon heating advice (PKC funded)	519	424	2022/23 - 1092 households 2023/24 - 1386 households

Focus for upcoming year

The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include:

- develop a Local Heat and Energy Efficiency Strategy and Action Plan by 31 December 2023.
- develop an estate decarbonisation plan for both the domestic and non-domestic estate.
- develop and invest in local district heat/communal heat/electricity networks where viable which use alternative non-direct emissions heat sources such as electricity, hydrogen or biofuels.
- replace oil-fired heating systems with non- direct emissions heat source, adopting a fabric first approach to reduce heat demand, while increasing local energy generation.
- work with local Housing Associations to maximise the number of social rented homes achieving EPC B by 2032.
- promote energy efficiency advice and behavioural change tool to help residents save carbon and keep energy bills down.

Theme 3 - Business and Industry

In 2020, business and industry accounted for 10.5% (94 kt CO₂) of the total area-wide CO₂ emissions. There was a 36% reduction between 2019 and 2020.

Building and industry work progressed the actions against all key areas in the Climate Action Plan. These include:

- data & strategic targeting
- engagement, empowerment, and awareness
- strategic actions
- measuring performance

Highlights

There was a positive engagement with large employers to raise awareness and provide information and advice to the wider business community. SSE, Stagecoach, Aviva, Highland Spring and Binn Group have been particularly supportive as 'Champions' in participating in specific events (e.g. Zero emission Bus Tour, Business Ambassadors panel). These were also relayed to wider business community which is largely made up of SMEs through



special business bulletins, Invest in Perth Magazine, website and social media.

There was a positive engagement with large employers to identify joint initiatives in Transport, Energy, Waste, Skills and Jobs.

Delivery

The Action Plan identified 14 business and industry actions. As of 30 September 2022, 60% (10) of the actions can be classified as Green and 40% (7) Amber in terms of progress. Some of these actions were very short-term and specific and have been completed. Two actions have been added to follow-up completed short term actions.

Challenges

Engagement with businesses to build up our collective resilience has not been progressed as planned as further work was needed from Resilience Group. However, business such Highland Spring has already started that process and developed an integrated resilience plan including biodiversity and landscape conservation with the prime objective to protect water and water quality.

Engagement with businesses to maximise access to green skills jobs has not been progressed as planned as data intelligence was not sufficient.

Progress against targets

There are no statutory targets for the Council within the theme of Business and Industry. The Council has a direct role in supporting businesses (e.g. financial support, business support services, employability support, flagship employment land projects) and in influencing businesses (e.g. Local development plan incl. employment land, signposting and awareness raising).

Key Performance Indicators

The table below details the key performance indicators aiming to measure progress towards the reduction of overall carbon emissions from industrial and commercial sources. There are around support to businesses and to sectors greening the economy, focusing on businesses which have the greatest impact

on emissions and maximising access to green skills and green jobs opportunities. Some of these indicators are still to be developed fully ensuring reliable and robustness of data sources are used.

KPI	Previous Value	Current Value	Target
Total area-wide Carbon dioxide emissions (kt CO ₂) from industrial and commercial sources	114	94.9	Net zero by 2045
Number of registered businesses in energy (including renewables) growth sector	140	140	+10% per year
Number of tourism businesses registered with green certification schemes	-	-	+10% per year
% of businesses (250+ employees or largest energy demand (+0.5MW) with a set target for reducing carbon emissions	-	17%	100% by 2027
Number of businesses supported through PKC Green Recovery Capital Fund	-	3	c. 20 per year
Percentage of employment by occupations supporting green growth	-	-	TBC – No data available this year
Skills and training KPI – To be developed	-	-	TBC - No data available this year

Focus for upcoming year

The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include:

- engagement with key businesses to build up our collective resilience in close partnership with Resilience Group.
- engagement with large employers and large emitters business around transport (Mobility Strategy incl. wider EV infrastructure development, active travel & public transport at Dunkeld Road corridor, Energy (Local Heat and Energy Efficiency Strategy, Smart Local Energy Systems (SLES) and Smart Local Energy Programme) and Waste (Circular economy roadmap and centre of excellence). These will be taken forward in close partnership with the Transport Group, Buildings & Energy Group and Waste and Circular Economy Group.
- engagement with businesses around skills and jobs (Perth Eco-Innovation Park project, occupations supporting transition to a greener economy). This will be taken forward in close partnership with Skills Development Scotland, Perth College UHI, local stakeholders and Tay Cities wider groupings.

Theme 4 – Waste and Circular Economy

In 2020, Waste accounted for 4% (70 kt CO₂) of the total area-wide CO₂ emissions. There was a 6.9% reduction between 2019-2020.

Waste and Circular Economy work progressed this year action against all five key areas of action in the Climate Action Plan. These include to:

- ensuring alignment with the Scottish Government Climate Change Route map
- promoting a rapid transition to a Circular Economy
- developing and delivering thematic action plans for the high carbon emissions materials
- improving our recycling services
- maximising value from waste by reducing waste sent to landfill

Highlights

A new **Residual Waste Contract** went out for procurement in July 2022. Procuring this will provide for transfer, transport, treatment, and disposal for residual municipal solid waste. As part of the technical evaluation, vehicular CO₂ emissions have been included to help reduce mileage and incentivise lower emission fleet.

The **Stick to the Six campaign** has been introduced to address contamination in kerbside dry mixed recycling collections. The campaign operated alongside a programme of monitoring designed to improve recycling quality and reduce contaminated recycling being sent for disposal. The campaign and monitoring are practical measures to help in



the transition to a Circular Economy through promotion of responsible recycling. In addition, they have curbed the increase in charges levied against the Council due to increased contamination.

Food Waste Equals Climate Change

is a behavioural change campaign aimed at reducing food waste and ensuring unavoidable food waste is captured through the kerbside food and garden waste service. It also promotes the use of home composting for both community groups and householders. The estimated amount of food waste (using Zero Waste Scotland's Waste Compositional Analysis matrix) disposed of in 2021/22 to landfill was 6,404 tonnes.

A reduction of 10% of this value would yield emissions and processing savings. This campaign forms part of the domestic communications strategy of the Food Waste Action Plan which encompasses national targets and legislative changes.



Delivery

The Action Plan identified 21 Waste and Circular Economy Actions. As of 30 September 2022, 88% of the actions can be classified as Green or Amber in terms of progress.

Review of Top and High Priority Actions

The waste theme did not have any action classified overall as Top, but it included several of the High Priority Actions. Progress on High Priority Actions this year included:

- the Food Waste Action Plan is now available as a draft. Food waste sent to landfill is particularly problematic as it releases methane, a greenhouse gas many times more potent than carbon dioxide. This action plan will help support

the continued reduction in emissions and our climate targets.

- PKC was awarded £2.3M in funding in June 2022 to roll out twin-stream recycling and expanded food waste collection across Perth and Kinross. A project lead has been in post since August 2022 to manage the contact.
- The logistics partner for the Deposit Return Scheme for Scotland has been announced as Biffa. An initial meeting has taken place to discuss potential commercial opportunities for PKC to provide bulking facilities, as well as collection of scheme materials and hosting voluntary reverse vending machines.

The actions not on-track are primarily associated with staff resourcing and a delay to the Extended Producer Responsibility.

Challenges

There are potential budget impacts resulting from Scottish Government's Circular Economy Route Map which are currently factoring into budget discussions/proposals.

Resources and staff capacity have been constrained to be able to expand the focus from more traditional waste activities to a wider Circular Economy focus.

Progress against statutory targets

There were several Waste and Circular Economy statutory requirements. Scotland's circular economy bill consultation closed on 22 August 2022. This bill will establish the powers and legislative framework needed to support Scotland's transition to a zero waste and circular economy and change many of the current targets.

Performance

KPI	Previous Value	Current Value	Target
Area-wide territorial GHG emissions estimate - Waste (kt CO ₂ e)	75.1	69.6	To be set following the finalisation of the Scottish Government's Circular Economy Roadmap
Total household waste generated (tonnes) and household waste generated per person (kg)	77,535 tonnes; 510 kg per person (2020)	77340 tonnes; 510kg/per person	By 2025, reduce tonnes of total waste arising to 15% against 2011 baseline (69,730 tonnes)
Total household waste recycled/composted as % of all household waste	49.4% (2020)	50.1%	Recycle 70% of all waste by 2025
Carbon impact of household waste per person (tonnes CO ₂ e)	0.91 (2020)	1.02 (2021)	Reduce carbon impact to 0.7 tonnes CO ₂ e per person by 2026
Whole Life Cycle Emissions for Perth & Kinross	160.7 (2020)	154.4 (2021)	

Council Collected Waste (kt CO2e)			
Quantity of food waste collected in residual waste (Kg/HH/week)	1.69	1.64	Reduce food waste by 33% from the 2013 baseline by 2025
Dry Mixed Recycling contamination rate (%)	24.2% (2020/21)	21.2% (2021/22)	Reduce to minimums of 20% by 2022/23 and 15% by 2023/24

Focus for upcoming year

The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include:

- Reviewing proposed actions in response to the Scottish Government's finalised Circular Economy Bill.
- Delivering the Recycling Improvement Fund city centre recycling and twin-stream action programme.
- Finalising and delivering the Food Waste Action Plan.
- Developing a Circular Economy route map including an action plan for Circular Textiles & Sustainable Fashion
- Undertaking an Asset Management Review of Waste & Recycling Infrastructure

Theme 5 – Land Use

In 2020, Land Use Change and Forestry (LULUCF) accounted for 23% (389 kt CO₂) of the total area-wide CO₂ emissions while it was responsible for sequestering -453kt CO₂e. (Net -63.9kt CO₂e). There was a decrease in emissions of 1.5% and a decrease in sequestration on 2.8%. Also falling under the category of land use, agriculture accounted for an additional 23% of emissions (390kt CO₂e). There was a 5.8% reduction in agriculture emissions between 2019 & 2020.

Land Use work progressed this year against all four key areas of action in the Climate Action Plan. These include:

- strengthening planning
- rural land use and carbon sequestration
- biodiversity
- greenspace

Highlights

Blairgowrie became Scotland's first Biodiversity Town as part of our innovative Biodiversity Cities, Towns and Villages Initiative. An collection of various community groups from within Blairgowrie & Rattray, the Open Spaces Group has been trialling the Tayside Biodiversity Partnership's '[Biodiversity Villages & Towns Toolkit](#)'. The Nature Restoration Fund has also jump-started a suite of projects - mini green roofs on the Food Larders, bird trails in local parks, a community orchard, the restoration of SUDS and park ponds. The town flower beds have also been made more sustainable with perennials and pollinator-friendly shrubs, annuals, and bulbs.

The concept enables local people to lead a multi-faceted project to not just enhance their living space, but to enable all ages, all abilities to learn about – and enjoy – the rich wildlife they share their

surroundings with. PKC is an essential partner, providing maps and information as well as enabling the Greenspace Ranger to work closely with the community.

Managed for wildlife

trials - From April-October, the Council naturalised 42 trial site areas in selected parks and greenspaces across Perth and Kinross. Altering grounds maintenance and reducing grass cutting allowed more



opportunity to create wildlife friendly habitat. A total of 148 surveys were received from 44 surveyors to help show whether the trial areas have resulted in more wildlife and biodiversity compared to the mown areas nearby. The results clearly show that wildflowers in flower were present at 93% of uncut site areas and 35% in cut site areas. This provided welcome habitat for pollinators with bees present in 49% of uncut areas compared to 12% of cut areas, and other insects in 70% of uncut site areas compared to 16% in cut areas.

Delivery

The Action Plan identified 21 Land Use Actions. As of 30 September 2022, 50% of the actions can be classified as Green or Amber in terms of progress.

Many measures within this land use sector will take many years to deliver their full benefits and to achieve net zero by 2045 most of the actions required must be underway by 2030. By 2032, the natural environment and landscapes around us will have undergone significant restoration, with a sustainable land use system that prioritises nature and biodiversity.

The actions that are not on-track are primarily associated with staff resourcing (e.g. filling vacancies) and capacity challenges. There are also delays in taking partnership projects forward due to partner organisations staff restructuring.

Progress on High-Priority Actions this year includes:

- the Council is one of the project funders and steering group members for the Perthshire Nature Connections Partnership. This is now focusing on major funding bids to take the project forward to delivery stage including the Breadalbane Grassland Project.
- the Nature Restoration Fund 2022-23 Grant has been confirmed at £176k (up from £166k in 21-22). This funding will be used for habitat restoration work including removing non-native invasive species, planting of native species, investment in cutting equipment for community group use for meadow management and creating large areas of pollinator friendly planting in closed cemeteries. £70,000 (40%) of this funding has been allocated for organisations in the community to apply for to fund habitat restoration work.

Progress against statutory targets

The Scottish Government has set several targets related to land use. These are primarily at the national level rather than local authority level, though local authority action will be required to meet these targets.

These include:

- national target to increase forest and woodland cover to 21% of total area of Scotland by 2032 – Perth and Kinross is currently at 18% (a decrease from 2018).
- peatland restoration – 250,000 ha of degraded peatland by 2030. Perth and Kinross has approximately 10% of Scottish Peatland.
- national target for at least 80% of designated natural features to be in favourable condition by 2016 – Not met, but improving: SSSI at 75% and Protected Nature Sites at 75.5%

KPI	Previous Value	Current Value	Target
% of Local and Major planning consents that contain approvals for biodiversity net gain	-	No data yet	
% of the total land area of Perth and Kinross	18.5% (2018)	18% of the total	National target to increase forest and woodland

covered by woodland			cover to 21% of total area of Scotland by 2032
Total LULUCF emissions (ktCO ₂ e)	395	389	Target still to be set
Total LULUCF sequestration (ktCO ₂ e)	-466	-453	Target still to be set
Percentage of PKC's Tayside Local Biodiversity Action Plan Actions delivered or on-target	-	69%	95% by 2026
% of all 1km grid squares in Perth and Kinross had recordings of protected species	44% (2014)	51.4% (2020)	Target still to be set
% Of Protected Biological and Mixed SSSI Sites in Favourable Condition	74.1% (2019)	75.3% (June 2022)	National target for at least 80% by 2016.
% Of Protected Nature Site	74.7%	75.5%	National target for at

Features in Favourable Condition	(2019)	(2022)	least 80% by 2016
Number of trees planted on Council land and maintained open space	-	1337 (2021/22)	To be set following completion of tree planting strategy
Vol. of Herbicide Used (L – undiluted quantity)	1095 (2020)	1117 (2021)	The commitments within the Edinburgh Declaration require a national reduction of 50% by 2030

Focus for upcoming year

- The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include working to investigate delivery mechanism for the network of Biodiversity Towns, villages and neighbourhoods and other biodiversity projects.
- engaging with the National Farmers Union and wider agriculture partners on climate action
- delivering and supporting communities with the Nature Restoration Fund projects 2022-23.
- keeping under review the role of the planning system in supporting Climate Change in new build and retrofit, within Conservation areas and listed buildings, as the National Planning Framework 4 moves through Parliament
- reporting on the findings of the grassland and wildflower meadows trials and put in place options for managing the sites in 2023.
- Delivering landscape scale change through supporting the Perthshire Nature Connections Partnership and wider initiatives
- Producing an Open Space Audit and Strategy and review and revise the Forestry and Woodland Strategy for incorporation ahead of the development of Local Development Plan 3.
- monitoring the effectiveness of climate change related Local Development Plan 2 policies. Work has commenced on this with monitoring of Policy 32 'Embedding Low and Zero Carbon Generating Technology in New Development'.

Theme 6: Climate Resilience

Our climate resilience work this year progressed action against all five key areas of action in the Climate Action Plan. These include:

- resilient organisations
- resilient and empowered communities
- resilient ecosystems
- resilient infrastructure
- flood risk management

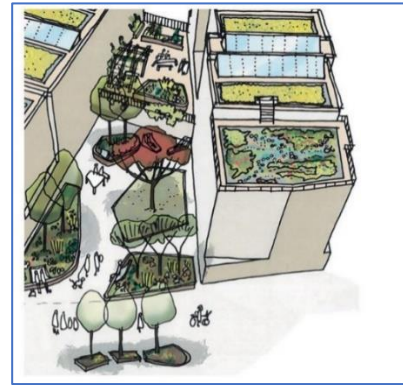
Highlights

Perth Crematorium

The Scottish Government provided funding to all Local Authorities to restore woodland, habitat and improve biodiversity through the Nature Restoration Fund. As part of this, Community Greenspace were able to deliver a restoration project at Perth Crematorium. Over the years, many of the trees have fallen as a result of storms and high winds and flooding, a direct result of Climate Change. This gave us the funding to replenish the tree cover, with some mature and some smaller trees, and over 1000 trees were planted. Native species were planted and will provide a habitat for wildlife, improve biodiversity and providing valuable carbon capture..



Embedding resilience into development



The Thimblerow development brief embedded climate change resilience, by requiring that Sustainable Urban Drainage Systems (SUDs) should be an integral, above ground, multi-functional component of the landscape design from its inception, with connections into the wider

network identified. The aim is for above ground treatment (as close to the source as possible). Drainage and Flood Risk (surface water and river) infrastructure should consider grey to green approach and design in mitigation measures which also create an attractive and biodiversity rich environment. A roof garden with green roof and courtyard garden including bioretention features to provide greenery could absorb rainwater while providing a valued private space for residents in a dense urban context.

Delivery

The Action Plan identified 40 Resilience Actions. As of 36 September 2022, 90% of the actions can be classified as Green or Amber in terms of progress.

Progress on High-Priority Actions this year includes:

- commencing the Climate Change Risk and Opportunity Assessment – this important piece of work will provide the evidence-base for future resilience work. Our consultant is

working on this with an expected completion date of March 2023.

- progressing of the Flood Risk Management Cycle 1 projects – this includes the South Kinross Flood Protection Scheme
- commencing a new bridge scour assessment programme, focused on helping to proactively reduce the risk of future bridge damage and the associated impact to our communities.
- Using our Nature Restoration Fund on projects that support climate resilience in our own Community Greenspace and developed by community groups across Perth and Kinross. Examples of this include the award-winning Kinross SUDS project.

The actions not on-track are primarily associated with staff resourcing (e.g. filling vacancies) and capacity challenges. These have now been resolved for Flood Risk Management and Community Resilience elements of the plan, but the landscape and catchment scale and biodiversity actions require an increase in resources to enable them to be progressed.

Progress against statutory targets

Under the Climate Change Act (2019), we have a duty to contribute to the delivery of the Scottish Climate Change Action Programme 2, which the actions in the action plan have been developed to align with. This plan does not pose specific targets applicable to local authorities.

Flooding is one of the main physical climate risks to Perth and Kinross. Under the Flood Risk Management Act (2009). We have a duty to deliver Flood Risk Management Plans and report our progress every three years.

Increased bridge scour is linked to the increased river flows experienced due to climate change. A project to undertake a comprehensive scour assessment of PKC bridges has commenced, which will be reflected in next years' KPI data.

Performance

KPI	Previous value	Current value	Target
Annual Scotland Adapts Capability Framework score	2.33/12	3.33/12	Mature organisation - 9/12 by 2026
Number of community groups engaged in proactive climate resilience work	24 (2019)	27	53 (a minimum of one per Community Council Area)
Percentage of PKC's flood risk management plan actions classified on track or completed	85% (2019)	<i>The 2022 assessment is being developed in parallel to this report and the final value will be added prior to publishing.</i>	To be set
Number of Bridge Scour Assessments Undertaken	0	0	100% of PKC bridges over 5 years

Focus for upcoming year

- The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include Completing the Perth and Kinross Climate Change Risk and Opportunity Assessment and using the outcomes of this assessment to help shape future action.
- Continuing the delivery of Flood Risk Management Cycle 1 Projects and commence Cycle 2 projects.
- Progressing the bridge scour assessments and associated remedial work.
- Supporting community resilience groups build proactive resilience.
- Developing and updating the PKC Roads design guidance to better incorporate SUDS, and other blue and green elements to support climate resilience.
- Engaging with our communities about actions they can take to help build their resilience.
- Exploring the feasibility of a pilot natural flood management site in the Upper Leven Catchment.

Theme 7: Education and Engagement

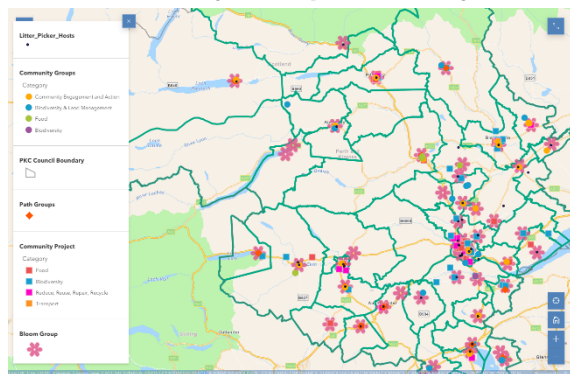
Highlights

The [PK Climate Action website](#)

has been launched. The website hosts the Council's Climate Strategy and Action Plan, guidance on how everyone can take action, mapping climate projects and community groups, funding opportunities, climate related events and community stories. The site is being promoted through various channels such as Perth & Kinross Countryside Trust, PKAVS, PKC Waste and the 'Glow' site which teachers, school management and support staff use as a national resource interface.



The Community Groups and Projects interactive map was



developed in early 2022. As of 30 September 2022, the live map includes 139 community groups and 125 climate action related projects. The data gathered is being used by various stakeholders, including Scottish Communities

Action Network to explore the development of a Tayside Climate Hub.

Delivery

The Action Plan identified 13 Education and Engagement Actions. As of 30 September 2022, 100% of the actions can be classified as Green or Amber in terms of progress.

The Education and Engagement Working Group meets regularly and is attended by representatives across the Council, including Education, Communications, Climate Change Team, Waste, and other theme groups. A sub-group has been formed with a specific focus on liaison with schools – this is attended by reps from Education, Waste, Property and other related Council services. This sub-group will follow their own focussed short- and longer-term action plan looking at energy saving measures, waste/recycling initiatives, undertaking audits to capture baseline data, implementation of close-down procedure/switch off campaign and effective signposting of climate change resources for teachers

Progress on High Priority Actions

- PK Climate Action social media has been created. This includes, [Facebook](#), [Twitter](#), [Instagram](#) and TikTok. A social media communications plan and group exists to ensure regular information is posted.
- a Community Group Engagement Programme has been developed based on the results of discussions and a [community engagement survey](#). The programme has been developed to establish a meaningful approach to community engagement, ensuring regular contact is made to share ideas, support communities to achieve their ideas and stimulate collective climate action across the local authority area.

- continued development of the dedicated [climate change Consultation Hub](#) landing page. The page includes 16 climate related consultations which have been published and closed. The page has been promoted as a best practice example by the software provider Delib.
- pursuing Climate Literacy Training programme for Elected Members, Executive Officers and members of the Climate Change and Sustainability Committee. This training is being developed in partnership with Keep Scotland Beautiful and APSE.
- liaising with community groups, environmental bodies, and sustainable business owners on a regular basis to promote [news blogs](#) and [stories](#) on our engagement channels to inspire others to get involved to tackle climate change.
- ongoing work to support schools and teaching staff on various Climate Change related topics.
- Developing a new climate action leaflet for residents focused on how they can take climate action while reducing their cost of living. 600 climate change leaflets will be sent to households targeted for household surveys.

Performance

KPI	Current value	Target (April 2023)
Views on Climate Change Webpage	14000	28000
Views on Social Media channels - Facebook	15700	37680
Views on Social Media channels - Twitter	14400	34560
Views on Social Media channels – Instagram	4695	11268

Views on Social Media channels – TikTok	1779	4269
Number of community groups active on climate change related projects	139	
Number of PKC owned schools with eco-school's green flag status	27	45 (April 2024)
Staff who have completed the climate change eLearning module	1233	5834

Challenges

- further school engagement will need a significant focus and promotion going forward to keep up the momentum achieved so far. Given the number of schools, this is a large undertaking to sustain but has enormous potential for reaching families and communities with information. There is an intention to provide schools more in person rather than virtual contact.
- increase 'followers' on social media to ensure messages are being delivered to all demographics within Perth and Kinross and subscribers to the Climate Action Newsletter.
- Build the awareness and ownership for climate action at staff of levels across the Council
- continued provision of Climate Literacy Training for elected officials and senior managers.

Focus for upcoming year

- The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include hosting the Youth Climate Conference on 4 November 2022 at Dewars Centre. This event is aimed at Secondary age pupils from Perth and Kinross and will include workshops, interactive activities, and speakers from climate related disciplines. This aims to be a meaningful event that will further engage young people and encourage them to take climate actions in school and at home. It is expected 150 people will attend the event.
- Supporting schools on their climate journey. Initially five key schools will be looked at in terms of 'auditing' of various climate related activities, eventually this audit programme will roll out across the educational estate.
- Increasing staff access to resources through the creation of an internal hub, which will include staff training.
- Delivering community awareness raising activities at upcoming events – including locally during COP27 and at the Perth Winter Festival.
- Implementing a climate literacy training programme for elected members and executive officers.
- Helping to identify the linkages between climate and cost of living crises and promote solutions that address these challenges jointly.
- engaging regularly with community groups including Community Action Plan groups; the Climate Challenge Group for Tenants and Climate Cafes.



- Supporting community groups to deliver climate projects, such as working with the Blairgowrie and Rattray Climate Café to establish a community car club.
- promoting the web site and social media channels and make use of these for promotion of Council climate action and partners' activities.
- Continuing programme of engagement and include all relevant events led by the Perth & Kinross Council Events Team. Produce a Sustainability Policy for PKC led events in collaboration with the PKC Events Team.
- Working closely with the Climate Change Commission to support the net zero agenda

Theme 8: Governance

Our Governance work this year progressed action against all four key areas of action in the Climate Action Plan. These include:

- governance and accountability
- business and performance management
- objective and target setting
- sustainable procurement

Highlights

Perth and Kinross Climate Change and Sustainability

Committee was formed in May 2022 by Perth and Kinross Council. It has a remit to help increase the importance and prominence of Climate Change and Sustainable Development in Council operations. The Committee, at its first meeting, made decisions on the introduction of tariffs at Council's controlled EV charging points needed to fund necessary maintenance and expansion of the network and on the allocation of Nature Restoration Fund projects.

The Perth and Kinross Climate Change Commission

(PKCCC) has been formed. The Commission is an independent, active leadership and support network for cross-sector collaboration and action on climate change. The Commission leverages expertise from across Perth and Kinross to engage and inspire collective ownership and a shared commitment to reaching net zero. The PKCCC was established by Perth and Kinross Council, in collaboration with the local climate experts. The Commission will play a vital role in promoting a climate resilient future which is also fair and ensures that no one is left behind during the transition to a more sustainable future.

Delivery

The Action Plan identified 8 Governance Actions. As of 30 September 2022, 38% of the actions can be classified as Green

and 12% as Amber in terms of progress. Climate Governance has been incorporated into the Council's Policy and Governance Group's remit.

Good progress was made setting up annual reporting procedures and developing the KPI framework and getting climate change included into the annual business planning process and budgeting processes.

Existing staff capacity issues in the Procurement Team have meant that there has not been the capacity to progress procurement actions. Positively though, climate change is starting to feature in key Council tenders including for the construction of the Cross Tay Link Road and the new Waste Collection contracts.

Progress

There are no statutory targets related to the governance theme, but there are statutory reporting duties through the Public Sector Reporting Duty related to Scope 3 emissions from procurement, which we still need to develop a mechanism to measure and also on linking climate change into budget and financial procedures.

	Previous Value	Current value	Target
KPI			
Scope 3 Emissions – Procured goods and services and capital works		Not yet measured	To be set
% of Members and senior officers who have undertaken Climate Literacy training			100% by September 2023

% of staff who have undertaken climate change awareness training (in person or online)		21%	80% by September 2023
% of staff who have climate change included in job description	1% (2021)	1% (2022)	No target set
Climate Change Assessment Tool (CCAT) Overall Score	51% (2021)	61% (2022)	85% by 2026

Challenges

In addition to the capacity of procurement staff, the following challenges have been identified:

- there is a gap in both the tools and resources available and staff knowledge to be able to include evidence-based assessments of climate impacts of decisions (e.g. for whole life carbon calculations);
- increasing Officer and Member climate change literacy to help embed climate consideration into every decision.

Focus for upcoming year

- The focus for the upcoming year is to continue to deliver the actions in the plan. The priority actions for next year include Continuing the on-going deep dive process about how Climate Change can be embedded in organisational procedures;
- Revising the Council's Integrated Appraisal Toolkit to include a wider range of climate change screening factors;
- Developing a Scope 3 emissions calculating methodology;
- Embedding climate change and associated performance indicators into the Council's new Corporate Plan.
- Building capacity of procurement and contract management staff around ensuring climate change is appropriately considered in procurement and delivery processes.

Delivery Theme	Action Number in Climate Action Plan (if applicable)	Sub-Goal	Strategic Action	Start Date	Timescale	Milestones/ Supporting actions	Lead Department/Service	Prioritisation 2022 (Priority, H, M, L)	Availability of resources	Progress (RAG)	Progress update for Annual Report
Land use	L11 & L14	Reducing emissions to meet net zero targets.	Review existing planning policy framework and prepare a suite of enhanced policies for inclusion in LDP3. Consider as part of the review any potential policy amendments to help the planning system better support the implementation of carbon reduction measures. Develop advice and guidance if appropriate. Links to NPF4 when published late 2022	In Progress	Medium - by March 2027	1. Review of existing planning policies, powers and identification of enforcement case studies. Identify strength of content and whether there are clashes between policy themes in either messages or through implementation. Include case studies. 2. Explore whether planning agreements could be used to secure biodiversity actions in all new developments. 3. Explore whether compensatory planting and carbon offsetting/ accreditation can be used. 3. Update policies where required. 4. Develop advice note and checklist for applicants to be approved by Council to allow for stronger future enforcement response and a consistent approach to implementation.	Planning and Development	Priority	Still to be identified	R	To be undertaken as part of LDP review (including its SEA) - currently programmed for 2023/24. Note NPF4 to be published Autumn 2022 which will impact on planning policy framework moving forward and will need to be considered as part of any review. Initial discussions have taken place on Conservation Area Appraisals.
Land use	L13	Reducing emissions to meet net zero targets.	Consented development to demonstrate their net zero status and require mitigation where this is not achievable, in line with emerging national policy (NPF4, draft Heat in Buildings Strategy, LHEES).	?	Short - by March 2023	1. Develop advice note and checklist for applicants. 2. Consult on documents. 3. Council Approval. 4. Implementation of advice note via DM process. 5. Incorporation into LDP3.	Planning and Development	M	Still to be identified	R	Policies will be reviewed as part of LDP3 and it's SEA process. Awaiting final NPF4 which will influence policy content.
Land use	N/A - New	Enhance landscape scale sequestration.	Review and revise our Forest and Woodland Strategy (FWS) as part of LDP3 process. Consider how the FWS can support and encourage private landowners to plant "the right tree, in the right place" to help tackle the climate change and biodiversity crises.	?	Medium - by March 2027	1. Review existing FWS in light of JHI study outcomes, national policy and both climate and nature crises. 2. Work with partner agencies and organisations to develop e.g. Forestry and Land Scotland and NFUS 3. Undertake SEA 4. Produce draft strategy and consult/engage 5. Amend and seek Council Approval 6. Support FWS implementation	Planning and Development	M	Still to be identified	R	Forest and Woodland Strategy will be updated as part of LDP3.
Land use	L3	Increase tree and woodland cover.	Develop a Tree Strategy (native trees) for our parks and maintained open spaces: - Review existing policies on trees, consolidate and update to develop a comprehensive Tree Planting Strategy which reflects and upscales our commitment to delivering on the Climate Change and Net Zero agenda. - Investigate planting our 92 parks (38 hectares) with native trees that will capture greater tonnes of carbon dioxide each year. - Investigate increasing the overall coverage of woodland in maintained open space from current level of 22% (220 hectares) that will capture increased tonnes of carbon dioxide each year and reduce emissions of grass mowing machinery. - Redevelop part of the Westbank site to form a	In Progress	Short - by March 2023	1. Review of current policy landscape, including an audit of existing PKC policies and identification of gaps/ required updates. 2. Develop Tree Planting Strategy Update. 3. Explore the creation of 'Climate Parks' to become carbon stores and more resilient to a changing climate. 4. Strategy approved by Council.	Community Greenspace	H	Available	A	No Tree Officer or Senior Greenspace Officer to implement planting policy. New post not in place. Some work done on planting. Westbank have been growing on trees and shrubs, advice sought on demolition for space to grow more.
Land use	L4	Adapting our approach.	Develop a strategy to ensure sub-fleet machinery are net zero compatible and implement replacement programme for net zero compliant machinery.	Autumn 2021	Short - by March 2023	1. Audit of existing assets, including carbon credentials (if available). 2. Identification of procurement checklist to inform any replacement purchases.	Operations	H	Still to be identified	R	Progress ongoing. Continuing to trial battery powered machinery for general grounds maintenance activities. Currently have a number of battery powered equipment in use but do not envisage purchasing any additional pieces as not at a level to support industrial activities.

Land use	L5 & L20	Halting biodiversity loss. Improving our open spaces.	Develop and trial a policy on use of pesticides and chemicals , including a review of Pitch Strategy in respect of the use and potential reduction in chemical usage.	In Progress	Short - by March 2023	1. Review of existing practice and identification of alternatives (including SWOT analysis of alternative solutions). 2. Identify current baseline figure of pesticide use (type and volume). 3. Develop and implement an updated policy on use of pesticides in P&K.	Operations	H	Still to be identified	A	Reduction on street weed control. No money for other methods available through climate change or nature restoration, paper being put together. Pitch Strategy element - no progress.
Land use	L6	Reducing emissions linked to maintenance. Protecting and enhancing habitats and species. Improving our open spaces.	Review existing grounds maintenance policies and prepare a strategy for site upgrades - to reduce emissions and enhance sustainability and biodiversity. Incorporate a review of grassland management policy to reduce wildflower meadows maintenance.	In Progress	Short - by March 2023	1. Review of current policy landscape, including an audit of existing PKC policies and identification of gaps/ required updates. 2. Review grounds maintenance activities and operations undertaken. 3. New standards approved by Council.	Community Greenspace	H	Available	G	Work underway on Tree & Woodland policies & priorities, grass maintenance trials, shrub bed reviews, cemetery maintenance reviews. Progress is dependent on available staff time and priorities and is variable due to the nature of frontline service delivery. Methods currently being pulled together, contractor availability being investigated and purchase of flails for community use approve by NRF.
Land use	L7 & L19	Adapting our approach. Protecting and enhancing habitats and species. Improving our open spaces.	Phased programme of enhancement to all major Council parks and greenspace – including exploring the use of natural resources in playscapes through the review of the Council's approach to play areas, and investigating ways to enhance biodiversity, increase tree planting, and reduce non-native species during Site Management Plans.	In Progress	Short - by March 2023	1. Review of current sites when upgrades are undertaken. 2. Monitor use of sustainable equipment and products. 3. Environmental Impact Assessment to be undertaken as part of the design process. 4. Review current Play Strategy 5. Seek approval from SMT/ Committee as required. 6. Implement changes	Community Greenspace	H	Available for phased enhancement programme. Still to be identified for Play Strategy review.	A	Enhancement Programme - New trees and wildflowers being incorporated into Auchterarder, Wallace Park and Muirend Park. Play Strategy review - Senior Officer has left PKC, slippage to this post.
Land use	L17	Increase tree and woodland cover. Protecting and enhancing habitats and species.	Nature Restoration Fund - Develop a list of projects and secure funding for delivery via the NRF.	Ongoing	Immediate - by March 2022		Community Greenspace	H	Still to be identified	G	21/22 round completed. 22/23 round underway - applications for Community projects closed on 30/9/22
Land use	L8		Expand Council's Food Growing Strategy into a comprehensive "Good Food Nation" project.	In Progress	Short - by March 2023	1. Council Approval of Food Growing Strategy. 2. Develop a "Good Food Nation" project and implementation plan. 3. Deliver strategy and specific projects in conjunction with partners and communities.	Community Greenspace	H	Available	G	Whilst the Strategy has been developed through the consultation process the desire to expand this into a comprehensive "Good Food Nation" project has been identified. The integration and expansion of the current work across team needs to be developed together with an implementation plan. Full time officer required to manage strategy and support/advise communities as a single point of contact. Potential links to Tayside LBAP Actions re community/school orchards, School Bee/Wild projects (ditto re sheltered housing complexes and care homes). Will be included in Biodiversity Villages, Neighbourhoods & Towns Initiative.
Land use	L2	Involving young people in our climate response.	Work with Education & Children's Service to develop and implement educational programmes for schools, to maximise the potential for carbon sequestration, and biodiversity protection and enhancement across our school estate, and to raise awareness. For example: expanding the tree planting project at Perth Grammar to more school grounds; encourage communities and schools to enhance climate change mitigation in their local school grounds and greenspaces using Community Investment Fund (PKC funded).	In Progress	Immediate - by March 2022	1. Produce Climate Change Programme for Learning in conjunction with Schools and pupils including creation of a 'How To' sheet covering issues of where to plant, maintenance etc. 2. Approval of Learning Programme. 3. Identify locations to roll out programme in phases? 4. Identification of a 'Climate Champion' in each school? (Staff and pupils)	Education & Children's Services	M	Feasibility/design only	A	Progress temporarily stalled due to staff absences. Longer term review required on the capacity to deliver utilising existing staff resources and the Nature Restoration Fund.

Land use	L1	Enhance landscape scale sequestration.	Work with Perthshire Nature Connections Partnership to identify and develop landscape scale pilot projects with partners.	In Progress	Short - by March 2023	1. Work with JHI to identify the carbon sequestration potential of 3 key areas across Perth and Kinross (peatlands, forestry and trees, and agricultural land). 2. Develop a Pilot Project in Highland Perthshire with partners (Perthshire Nature Connections Partnership) for potential wider roll out. Set targets, identify partners and measures. 3. Explore options to work with partners to create a monitoring strategy for peatland restoration to understand benefits in local context and encourage local landowner participation. 4. Project Delivery	Planning and Development	Priority	Feasibility/design only	A	JHI report delivered. PNCP - Draft Programme Report produced and circulated to wider partnership group for consideration. Current focus on 4 project areas with initial work around establishing key contacts and networks having already started.
Land use	L9	Halting biodiversity loss. Protecting and enhancing habitats and species.	Accelerate delivery of Tayside LBAP - Work across services to maximise opportunities for the Council to achieve actions set out in the Tayside Local Biodiversity Action Plan 2016-26.	In Progress	Short - by March 2023	1. Review Tayside LBAP projects being delivered and any gaps. 2. Review LBAP to identify list of priority actions for delivery and by whom. 3. Identify a series of implementation projects.	Planning and Development	M	Still to be identified	A	Ongoing. Audit of all PKC actions in the LBAP completed to help identify gaps and resource needs.
Land use	L10	Halting biodiversity loss. Protecting and enhancing habitats and species.	Biodiversity Villages, Neighbourhoods and Towns Initiative - Work with local communities and Tayside Biodiversity Partnership to develop Biodiversity Action Plans, supporting both biodiversity and climate change mitigation and adaptation.	In Progress	Short - by March 2023	1. Identify locations for further roll out of the Biodiversity Villages Project and work with those communities to promote benefits and opportunities and support delivery. 2. Review and reflect on success of project to date and identify any opportunities for improvement/ alternative approaches.	Planning and Development	H	Still to be identified	A	No BAPs currently in development. No further progress to date.
Land use	L12	Halting biodiversity loss. Protecting and enhancing habitats and species.	Perth Biodiversity Capital of Scotland Project - explore what role PKC and Tayside Biodiversity Partnership can have in the development and delivery of this Perth Leadership Forum project.	?	Short - by March 2023	1. Establish scope of project, actions, targets and delivery partners. 2. Identify programme for delivery. 3. Council approval. 4. Branding and launch.	TBC	H	Still to be identified	R	Delays in taking the project forward owing to Nature Scot staff restructuring. The project bid to help fund the project is yet to be determined. More updates will be available later in the year.
Land use	L15	Halting biodiversity loss. Protecting and enhancing habitats and species.	Progress Tayside Biodiversity Partnership's Action to enhance business parks and industrial estates - Work in conjunction with local businesses to seek funding and produce Biodiversity Action Plans, supporting biodiversity enhancement, and climate change mitigation and adaption measures, within existing employment areas. Not limited to protection and enhancement of biodiversity, but also encouraging active travel, provision/signposting to energy audits, EV advice.	TBC (2022)	Medium - by March 2027	1. Review of a suite of business parks and industrial estates across P&K, together with mapping (especially utilities/active travel/ biodiversity potential). 2. Proposals for biodiversity enhancement (tree/hedge planting, verge/grassland management for specific species - butterflies, birds, bats). 3. Proposals for energy audits, active travel, etc across chosen sites. 4. Working with businesses to integrate private business-owned land and PKC-owned land practices to create demonstration sites of good practice.	Planning and Development	M	Still to be identified	R	No Progress. Funding required.
Land use	L16		Progress a "What's Going On?" mapping project		Short - by March 2023		Planning and Development	M	Still to be identified	R	Staff time resource currently not available to develop.
Land use	L18	Halting biodiversity loss. Protecting and enhancing habitats and species. Peatland restoration and enhancement.	Identify and protect sensitive areas (including LNCS) from development for biodiversity resilience, providing connectivity and ensuring planting is not counterproductive. Identify which of these sites (especially peatland) would benefit from restoration/enhancement and provide support/ incentive for landowners to do so.	In Progress	Short - by March 2023		Planning and Development	H	Still to be identified	R	Issues with securing resources needed to undertake LNCS survey work - limited progress to date as a result. No progress to date on analysing peatland sites to identify those which require enhancement.
Land use	L21	Improving our open spaces.	Consider opportunities for Park Power as they arise.	In Progress	Medium - by March 2027	Assist with scheme development as they arise.	Community Greenspace	M	Still to be identified	R	Initial overall concept discussions have already been held. Would generally be led by a building development. Resources would be provided by the developer and may yield a revenue income stream for the Council.

Climate Resilience	R1	Resilient organisations	Build organisational capacity around climate adaptation and mainstream it into project development, procurement and delivery processes Continue to work with Tayside Local Resilience Partnership to implement local risk reductions measures and develop contingency plans	Jan-22	Short - by March 2023		Planning and Development	H	Still to be identified	R	The staff Climate Literacy training will cover adaptation and help build awareness and engagement with the Climate Change Risk and Opportunity Assessment should also help raise awareness with staff.
Climate Resilience	R2	Resilient organisations		In Progress	Ongoing		Communities	H	Available	A	PKC have continued to be a key partner of the Tayside Local Resilience Partnership
Climate Resilience	R3	Resilient organisations	Develop the ability of organisations and businesses to prepare for and build resilience to climate change	In Progress	Ongoing	1. Undertake business survey to understand level of preparedness of the P&K business community. 2. Re-establish Community and Business Resilience Group. 3. Support businesses in developing resilience/continuity plans through Perth & Kinross Councils Emergency Planning Service and other channels.	Economic development	H	Feasibility/design only	R	Limited resource availability for progressing in 2022/23. Next year will be merging with similar action in B&I action plan
Climate Resilience	R4	Resilient organisations	Review the Scottish Climate Change Adaptation Programme 3 (2025-29) when published and identify appropriate local actions	2024	Medium - by March 2027	1. Get involved in consultation process for SCCAP3 2. Review SCCAP3 once published. 3. Develop plan of P&K appropriate actions.	Planning and development	N/A	Feasibility/design only	G	Not applicable
Climate Resilience	R5	Resilient organisations	Embed climate resilience as a criteria into Asset Review processes	Apr-22	Short - by March 2023		Communities	H	Available	A	Climate resilience and adaptation has been included in major asset reviews in 2022.
Climate Resilience	R6	Resilient organisations	Undertake a strategic climate change risk and opportunity assessment for Perth and Kinross Council Area	2021/22 Financial Year	Short - by March 2023		Planning and development	Priority	Feasibility/design only	G	Consultant appointed in September 2022, with a completion date on before the end of March 2023.
Climate Resilience	R8	Resilient infrastructure	Develop and implement green solutions for protecting open space and core paths to protect from flooding and erosion	2022	Medium - by March 2027	1. Training programme for PKC staff. 2. Develop list of potential projects. 3. Engage with SEPA and flooding team.	Greenspaces	M	Feasibility/design only	G	Currently being considered by Greenspace. Currently looking at off bank solutions including willow planting. At Buckie Brae have undertaken Coir matting trials. Capacity and training needs are limited further expansion
Climate Resilience	R9	Resilient infrastructure	Explore the potential for green-blue infrastructure for Perth, working in strategic partnership with Scottish Water	In Progress	Short - by March 2023	1. Develop structure of potential partnership. 2. Undertake concept study.	Planning and Development	M	Still to be identified	R	Some initial meetings held with Scottish Water (with officer capacity limiting further progression). Scottish Govt policy document received and briefing circulated; Barbara Renton to attend the Water Resilient Places summit on 20 September to discuss. Surface water flooding issues are also being raised a SAIFF Surface Water Management Group.
Climate Resilience	R10	Resilient Ecosystems	Develop overarching environmental advice to developers by linking all current objectives, including on green infrastructure	Dec-21	Medium - by March 2027		Planning and Development	L	Available	A	Action delayed to follow after publication of NPF 4 and cycle with LDP3
Climate Resilience	R11	Resilient infrastructure	Develop updated roads development guide to resolve conflicts with adoption criteria for SUDS with roads maintenance requirements as well as providing wider resilience benefits (e.g. shading and biodiversity corridors and protection)	2022	Medium - by March 2027	1 Review what current conflicts are in terms of SUDS features which could be supported if designed appropriately + review roads development guide and define design standards for these features	Planning and Development	Priority	Still to be identified	A	Resources were unavailable for delivery in 2022/23. This action has wider benefits for the Transport Action Plan and for Council operations, maintenance, planning and greenspace teams.
Climate Resilience	R12	Resilient infrastructure	Develop and implement scour bridge protection programme	2022	Medium - by March 2027	Undertake scour risk assessments across P&K bridge stock Implement scour protection programme	Structures and Flooding	Priority	Available	G	Scour Engineer appointed June 2022. Structures team have received additional £2m funding for high priority bridge maintenance projects which will include some scour mitigation / repair schemes. £2m projected to be spent in 23/24 and 25/25 subject to securing additional staffing. Bridges at higher risk of scour are currently being further prioritised so they can be grouped into packages of scour assessments to be completed by specialist engineering consultants in the coming medium to long term.
Climate Resilience	R13	Resilient ecosystems	Explore the potential for an integrated catchment management approach for the River Tay catchment to improve the water environment and reduce flood risk	2022	Medium - by March 2027		Planning/PKCT(?)	H	Still to be identified	R	There were no resources to extend this beyond the catchment approach used as part of Flood Risk Management
Climate Resilience	R14	Resilient ecosystems	Continuing contribution and support to the delivery of Nature Rich Leven and other catchment management approaches	In Progress	Ongoing		Planning and Housing	M	Available	G	Feasibility study on Natural Flood Management in the Upper Leven Catchment was undertaken that showed feasible potential. Currently exploring options for developing this project further.

Climate Resilience	R15	Resilient ecosystems	Undertake research review into native tree and flora and fauna species and how they adapt to the changing climate and develop programme of necessary actions		Dec-21	Short - by March 2023		Planning and Development	H		Feasibility/design only	G	Work underway - due to be completed by March 2023
Climate Resilience	R16	Resilient ecosystems	Working with partners to make Perth a biodiversity exemplar and climate resilient city	On-going		Medium - by March 2027	PCLF Annual conference (Dec 21)	PCLF / Nature Scot/Planning and Development	M		Feasibility/design only	A	PKC supported Nature Scot and the Perth City Leadership Forum who are driving this project forward. Through the Nature Restoration Fund funding and Tayside Biodiversity Partnership, we worked with community groups on a range of biodiversity and resilience measures.
Climate Resilience	R19	Resilient and empowered communities	Develop and build a public awareness campaign promoting the behavioural changes identified in the SCCAP2		Mar-22	Medium - by March 2027	1. Campaign developed 2. Implementation and M&E of impact	Planning and Development	H		Still to be identified	A	Adaptation actions have been promoted as part of the public information available on the PK Climate Action website and have featured on social media. Due to need for Communications to focus on Cost of Living , a wider campaign has been deferred until 2023.
Climate Resilience	R20	Resilient and empowered communities	Continue to support and develop Communities Resilience Forums and other community groups and support them to develop proactive preventative measures	In Progress		Long - between 2027-2045	1. Continue to Support CRFs 2. Build capacity with groups around preventative behaviours (e.g. Greenspace groups, CRF)	Communities	H		Feasibility/design only	A	More and more communities want to be active in planning for, responding to and recovering from emergencies. It is anticipated that this appetite will result in a significant uptick in the number of communities with resilience plans over the next five years.
Climate Resilience	R21	Resilient and empowered communities	Promote natural flood management and work with riparian landowners and communities on addressing climate change and implementing actions of new catchment management plans		2022	Ongoing	1. Local place plans use these as a tool to work with communities on climate impacts 2. Continue to support Perthshire Nature Connections Project	Planning and development	H		Still to be identified	A	Working on this for specific locations - 2 NFM studies complete and a further 2 are underway
Climate Resilience	R23	Flood risk management	Use planning system to avoid an increase in flood risk	In progress		Medium - by March 2027	then await finalised NPF4. 2. Update Local Development Plan (LDP) Policy 52 New Development and flooding to add detail to NPF4 if necessary to strengthen current encouragement for flood resilient materials and construction methods particularly where adjacent to medium and high risk areas to make this a requirement. 3. Provide flood risk advice on proposed development through planning process (on-going) (increase in Flooding Team resources required for this). 4. Increase resource for BS so they can input at planning application stage 5. Implement policy requirement for flood resilient materials and constructions methods for properties adjacent to medium and high risk areas.	Planning and Development	H		Feasibility/design only	A	The vacant posts within the Council's Flooding Team have almost all been backfilled and the team is fully up to date on providing flood risk advice in relation to planning applications. However further resources will be required to progress further work required on SUDS, Section 7 Agreements, blue green infrastructure, etc
Climate Resilience	R24	Flood risk management	Implement Flood Protection Schemes (FRM Cycle 2)		2022-2028	Long - between 2027-2045		Flooding Team	Priority		Still to be identified	G	The Scottish Government/COSLA review into capital funding for flood schemes is on-going. The issue of affordability is to be raised with the Minister; further report will be issued to Council Leaders in due course. In the meantime it is likely that C2 Local FRM Plans will be published in Dec '22 with caveats around capital funding for new schemes.
Climate Resilience	R25	Flood risk management	Implement the Comrie Flood Protection Scheme	In Progress		Medium - by March 2027		Flooding Team	H		Available	G	Some delays encountered in late 2021/early 2022 due to extended statutory process, design changes and staffing shortage within flooding team. Advance works commenced on site at end of August 2022. Detailed design of main works on-going; anticipated site start in early 2023.
Climate Resilience	R26	Flood risk management	Implement the Milnathort (Surface Water) Flood Protection Scheme	In Progress		Medium - by March 2027		Flooding Team	H		Available	G	Some delays encountered early in 2022 due to staffing shortages in the Council's flooding team. Outline design is progressing.
Climate Resilience	R27	Flood risk management	Implement the South Kinross Flood Protection Scheme	In Progress		Medium - by March 2027		Flooding Team	H		Available	G	Some delays encountered early in 2022 due to staffing shortages in the Council's flooding team. Outline design is progressing.
Climate Resilience	R28	Flood risk management	Implement the Scone (Annaty Burn) Flood Protection Scheme		2022	Medium - by March 2027		Flooding Team	H		Available	G	Outline design yet to commence due to staffing shortages in flooding team. Consultant to be appointed in 2022/23.
Climate Resilience	R29	Flood risk management	Implement the Bridgend Flood Protection Scheme	In Progress		Medium - by March 2027		Flooding Team	H		Feasibility/design only	A	Detailed design has commenced and will be informed by ground investigation works which are due to commence in September 2022.

Climate Resilience	R30	Flood risk management	Complete On-going Flood Studies - FRM Cycle 1	In Progress	Immediate - by March 2022	Flooding Team	H	Available	A	Some delays encountered due to staff shortages in flooding team. Studies in Blackford, Invergowrie and Dunkeld are complete; Perth Surface Water management Plan, Craigie Burn Flood Study, Perth IFOS Project, Alyth NFM Study and Bridgend Flood Protection Works are on-going. Final studies (Blairgowrie and Scone) to commence in 2022/23 (see next action).
Climate Resilience	R31	Flood risk management	Undertake Flood Studies - FRM Cycle 1	2021	Short - by March 2023	Flooding Team	H	Available	G	Some delays encountered due to staff shortages in flooding team. The Blairgowrie & Rattray Surface Water Management Plan was put out to tender in June 2022 but no suitable tenders were received; the project is currently being re-tendered. The Scone Flood Study will follow in 2022/23.
Climate Resilience	R32	Flood risk management	Undertake Surface Water Management Plans - FRM Cycle 1	2021	Medium - by March 2027	Flooding Team	H	Available	A	Some delays encountered due to staff shortages in flooding team. The Perth Surface Water management Plan commence in January 2022 and is on-going. The Blairgowrie & Rattray Surface Water Management Plan was put out to tender in June 2022 but no suitable tenders were received; the project is currently being re-tendered. The Scone Surface Water Management Plan will commence on 2022/23.
Climate Resilience	R33	Flood risk management	Undertake Flood Studies - FRM Cycle 2	2022-2027	Medium - by March 2027	Flooding Team	H	Available	G	Yet to commence. SEPA published Cycle 2 FRM Plans in December 2021. Cycle 2 Local FRM Plans to be published in Dec 2022.
Climate Resilience	R34	Flood risk management	Undertake Surface Water Management Plans - FRM Cycle 2	2022-2027	Medium - by March 2027	Flooding Team	H	Available	G	Yet to commence. SEPA published Cycle 2 FRM Plans in December 2021. Cycle 2 Local FRM Plans to be published in Dec 2022.
Climate Resilience	R35	Flood risk management	Bodies of Water - Inspection, Assessment and Clearance & Repair Works	In Progress	Ongoing	Flooding Team	H	Still to be identified	G	Inspection programme was delayed in early 2022 due to staffing shortages in the Council's flooding team but has since been brought up to date. Inspections are still carried out by temporary students - permanent, trained and experienced staff still required.
Climate Resilience	R36	Flood risk management	Review climate change impacts on existing flood protection schemes	2028+	Long - between 2027-2045	Flooding	N/A	Still to be identified	G	FRM Cycle 3 (post 2028)
Climate Resilience	R37	Flood risk management	Address reduced input of Scottish Government, SEPA and Scottish Water to the flood risk management planning process (due to Covid, SEPA cyber-attack, issues with funding, issues with legislation, etc)	In Progress	Short - by March 2023		H	Still to be identified	A	Raised at FRM Lead Authority Forum and also at SAIFF Surface Water Management Group. However the input of all three parties has not changes - or has reduced even further.
Climate Resilience	R38	Flood risk management	Surface water management - seek increased collaboration from Scottish Water; address separate funding mechanisms; seek improvements in legislation.	In Progress	Short - by March 2023		H	Still to be identified	A	Scottish Govt initiated SAIFF Surface Water Management Group - initial meeting held and group to meet again in September - issue to remain on the agenda at this group. Ultimately legislation and funding arrangements will have to be amended to deliver any real progress.
Climate Resilience	R39	Flood risk management	Address funding gap for intermediate size flooding projects (greater than annual revenue budget but smaller than formal flood schemes)	2022-2028	Medium - by March 2027		H	Still to be identified	A	No progress - SMT paper required (but no available staff resources to progress).
Climate Resilience	R40	Flood risk management	Increased incidences of flooding - support emergency response to flooding and recovery efforts; emergency works and additional projects (and address impact on delivery of Local FRM Plans)	In Progress	Immediate - by March 2022		H	Still to be identified	A	No resources to progress. SMT decision still awaited on the structure of the Flooding Team (following the Structures & Flooding Manager's retiral in June 2021) and additional resource requirements.
Climate Resilience	R41	Resilient and empowered communities	New - Support community action on climate resilience- e.g. rain gardens		Year 2 (2023/24)		M	Still to be identified	New	New action for Year 2
Climate Resilience	R42	Resilient ecosystems	Deliver Nature Restoration Fund projects that support climate resilience		Year 1 (2022/23)		H	Available	New	New action for Year 2
Climate Resilience	R43	Resilient ecosystems	Develop and deliver proactive resilience programme to address ash dieback and storm damage		Medium - by March 2027		M	Still to be identified	New	New action for Year 2
Climate Resilience	R44	Resilient ecosystems	Explore the feasibility of a pilot natural flood management site in the Upper Leven Catchment.		Medium - by March 2028		Priority			
Governance	G1	Governance and accountability	Produce annual progress report and action plan updates	Oct-22	Ongoing	Climate Change Team	H	Available	G	Annual report prepared
Governance	G2	Governance and accountability	Mainstream climate change into committee procedures and council operations	Jan-22	Medium - by March 2027	Policy and Governance Group	Priority	Available	A	Included in Audit procedures, new CC&S Committee - still work to be done on embedding into work of existing committees and more widely into Council operations
Governance	G3	Business and performance m	Embed climate change into annual business planning process	Jan-22	Short - by March 2023	Performance Team	H	Available	G	L Dott and L Davey working on embedding this in
Governance	G4	Objective and target setting	Develop KPI framework and establish performance targets	In progress	Short - by March 2023	Climate Change Team	H	Available	G	On track included in meeting for 9 November
Governance	G5	Objective and target setting	Measure and develop action plan for our Scope 3 carbon footprint	Jun-22	Short - by March 2023	Climate Change Team	Priority	Still to be identified	R	Requirement now as part of our PSARB - Finance data has GDPR issues about releasing to company that can supply the data

Governance	G6	Sustainable Procurement	Engagement with existing suppliers on their climate ambitions	Apr-22	Short - by March 2023		Procurement Team	H	Still to be identified	R	Not progressed due to resource constraints
Governance	G7	Sustainable Procurement	Build capacity of procurement and contract management staff around ensuring climate change is appropriately considered in procurement and delivery processes	Summer 2022	Medium - by March 2027		Procurement Team	Priority	Still to be identified	R	Not progressed due to resource constraints
Governance	G8	Sustainable Procurement	Undertake a review of Council procurement with respect to climate and environmental considerations	Autumn 2022	Medium - by March 2027		Procurement Team	H	Still to be identified	R	Not progressed due to resource constraints
Transport	T1	Increase active transport across Perth and Kinross	Develop comprehensive Mobility Strategy for Perth and Kinross	2021/22 Financial Year	Ongoing	1. Extend the representation of the Mobility Board to ensure co-production of the Mobility Strategy with partners and stakeholders. 2. Carry out research into modal shift requirements, to inform the development of the Mobility Strategy	Planning and Development	Priority	Available	A	Preliminary work started on various projects and new post recruitment commencing end October
Transport	T2	Increase active transport across Perth and Kinross	Maximise the potential utilisation of Smarter Choices, Smarter Places (SCSP) fund to deliver sustainable and active travel.	In progress	Ongoing	Cross service working	Planning & Housing Strategy Manager	H	Feasibility/design only	G	Recurring project
Transport	T3	Increase active transport across Perth and Kinross	Develop comprehensive active travel network in association with mobility strategy	In Progress	Ongoing	Cross service working	Planning and Development	H	Feasibility/design only	A	Analysis underway on feasibility and traffic impacts
Transport	T4	Increase active transport across Perth and Kinross	Develop detailed design and construction of active travel route by 2025/26 as part of an integrated sustainable transport corridor along the Dunkeld Rd as agreed phase one of the Perth People Place for a city-wide network of enhanced sustainable transport and active travel improvements in and around Perth. In parallel, additional resources will be sought from Sustrans and other funding partners for accelerated design and development of 7 remaining identified primary corridors based on established engagement, procurement, and policy frameworks	In Progress	Ongoing	1. Dunkeld Road Corridor 2. Mapping active transport links 3. Reprioritise list of existing schemes 4. Cross service working	Planning and Development	H	Feasibility/design only	A	Being developed and delivered through the Perth people Place programme. There are 7 primary corridors and design and development is underway for the Dunkeld Road corridor with a programmed construction delivery by 2025-26. The remaining corridors can be accelerated with additional resource for staff to manage these multiple projects within the overall programme. Discussions are ongoing with Sustrans as key funding partners.
Transport	T5	Increase active transport across Perth and Kinross	Lobby Scottish Government to include sustainable transport and active travel in the school curriculum.	Not started	Short - by March 2023	Cross service working	Planning & Housing Strategy Manager	M	Available	R	
Transport	T6	Increase active transport across Perth and Kinross	Explore measures to increase walking	Ongoing			Planning and Development	H	Feasibility/design only	A	Recurring CWSS Annual programme
	New	Increase active transport across Perth and Kinross	Expansion of cycle storage	Not started	Short - by March 2023	Cross service working	Planning & Housing Strategy Manager	M	Still to be identified	G	Cycling Scotland are launching a fund for the provision of Residential Cycle Parking across Scotland. The fund is likely to be in the order of £2m over the next two years. More details are to follow in the launch, likely to be August/September 2022.
		Accelerate the EV transition	Promotion of e-bikes	Not started				M	Still to be identified	New	New action for Year 2
Transport	T7	Accelerate the EV transition	Develop a strategy for the expansion of EV charging infrastructure	Ongoing	Short - by March 2023	Cross service working	Planning & Housing Strategy Manager	Priority	Available	A	Officer appointed to post. Now working with Regional Partners and Futures Trust on business case and funding models
Transport	T8	Accelerate the EV transition	Work with Taxi Operators to accelerate the transition to electric vehicles	Not started	Short - by March 2023	Cross service working	Planning & Housing Strategy Manager	M	Available	R	Future requirement to engage with Perth Taxi association. No resources at present to take this forward. Potential to restructure Transport Team to address this issue
Transport	T9	Accelerate the EV transition	Work with Transport Scotland to deliver the Electric A9 project	In Progress	Short - by March 2023	Cross service working	Planning & Housing Strategy Manager	H	Available	Complete	Completed
	New	Accelerate the EV transition	Explore embedding EV vehicles in Council Taxi procurement (Moray)	Not started				M	Still to be identified	R	Not started
Transport	T10	Accelerate the EV transition	Develop and implement a strategy to transform the Council's fleet to electric and alternative fuel vehicles	Not started	Short - by March 2023	Cross service working	Fleet Manager	Priority	Feasibility/design only	A	Decarbonisation of Fleet preliminary work done by Urban Foresight. Business Case to be developed re future Fleet requirements in lieu of national targets
		Accelerate the EV transition	Develop an EV awareness and behaviour change campaign	Not started				M	Available	A	There is potential for SCSP funding to be used for the promotion of EV, but Lachlan or Sarah would need to check with Smarter Choices, Smarter Places. Use of PKCA and wider Council comms channels to promote EVs. Some content has already been published in June (Transport month), but there can be potential for a weekly or fortnightly feature. Targeted campaign - raising awareness e.g. tariffs?

Transport	T11	Accelerate the EV transition	Develop the low carbon and active travel hub's project	In Progress	Ongoing	cross service working	Planning and Development	H	Feasibility/design only	A	Broxden hub underway, other sites under consideration at Perth West and rail station
			Raise awareness of alternative approaches to attending meetings across Council employees; including tele/video conferencing and provide training on using ICT equipment to reduce transport emissions		Ongoing		Head of Corporate IT		Available	Complete	Completed
		Reduce vehicles in town centres									
		Accelerate the EV transition	Publish and promote to Council employees the car lease scheme currently being developed for electric vehicles.	In Progress	Ongoing		Head of Finance/ Planning & Housing Strategy Manager		Available	Complete	Completed
			Develop a revised and expanded Corporate Travel Plan for Perth and Kinross that covers the full range of Council activities		Ongoing		Head of Environmental & Consumer Services		Available	A	CTP has been developed, may need reviewed. May need to wait till transport and work patterns settle for review
Transport	T14	Reduce vehicles in town centres			Ongoing			M	Available	A	
			Review options for workplace parking (including workplace parking levy), as a means to support more sustainable transport choices to disincentivise use of cars.								
Transport	T15	Remove vehicles from town centres		Consultation by SG			Planning and Development	M	Feasibility/design only	R	Regulations as part of Transport Act 2019 out to consultation, will be available for local authorities to implement should they so desire. Will be highly contentious issue and significant resource required
			Bid for Smarter Choices, Smarter Places (SCSP) funding to support discounted bus fare initiatives targeting young people.	As above re SCSP			Parking, Public Transport and Civil Contingencies Manager	H			
Transport	T16	Improve public transport provision							Still to be identified	R	Need to check whether legitimate spend
			Expand the potential demand for responsive transport and community transport schemes	Identified as part of Mobility Strategy			Parking, Public Transport and Civil Contingencies Manager		Still to be identified	A	Public Transport Unit are exploring options when available
			Investigate options and develop plans for future park + ride sites at Luncarty, Walnut Grove and Bridge of Earn.				Planning and Development	M	Still to be identified	A	
Transport	T18	Reduce vehicles in town centres		In Progress	Short - by March 2023				Feasibility/design only	A	Walnut Grove under discussion with Developers. Feasibility has commenced on Bertha Park
			Explore the potential for EV bus chargers across the Council Area				Planning and Development	H	Feasibility/design only	New	New
			Identify options and costs to establish an annual 'Sustainable Transport Week' as an incentive to raise the profile of public transport by bus and promote public transport.		Immediate - by March 2022		Parking, Public Transport and Civil Contingencies Manager		Still to be identified	R	No progress at this stage
Transport	T19	Improve public transport provision						L	Still to be identified		
			Explore operating registered school buses within Perth City for or non entitled pupils attending their catchment secondary school to reduce school run journeys.		Short - by March 2023		Parking, Public Transport and Civil Contingencies Manager		Still to be identified	A	New national Under 22 scheme implemented
Transport	T20	Improve public transport provision						L	Still to be identified	A	
			Prepare Impact Analysis and costings to identify funding for improving bus stop infrastructure.		Immediate - by March 2022		Parking, Public Transport and Civil Contingencies Manager	H	Feasibility/design only	A	Public Transport Unit are exploring options when available
Transport	T21	Improve public transport provision							Feasibility/design only	A	
			Improve bus priority measure at junctions through reconfiguration and/or managed by traffic lights using new technology and providing new bus lanes on key corridors.		Medium - by March 2027		Traffic and Network Manager		Feasibility/design only	A	Bus Service Partnership appraisal work underway - looking at 7 corridors and city centre options
Transport	T22	Improve public transport provision						N/A	Feasibility/design only	A	Tay Cities Deal funding to augment upgrading of rail station by improved linkages to the city centre
Transport	T23	Improve public transport provision	Perth Bus/Rail Interchange Project	2021/22 Financial Year	Short - by March 2023		Planning and Development	H	Available	A	
			Explore community transport priming - re-establish community transport forum				Parking, Public Transport and Civil Contingencies Manager	M	Feasibility/design only	New	Development of wider CT and MAAS schemes to come out of wider Mobility Review
			Apply for Scottish Government funding for air quality projects in 2022/23 which include cross service projects to tackle air quality and climate change.	Ongoing	Short - by March 2023		Regulatory Services Manager	H	Available	A	PKC received £273,077 from the Scottish Government Air Quality Grant for 22/23 projects
Transport	T24	Reduce vehicles in town centres						H	Available	A	
			Continue to monitor the need for and potential benefits for Perth City and Crieff AQM As to identify if the creation of Low Emission Zones (LEZs) or alternative vehicle access restrictions could reduce emissions.	Ongoing	Short - by March 2023		Regulatory Services Manager		Available	A	2019 NLEF Assessment found that neither Perth nor Crieff required a LEZ to achieve National Air Quality Objectives. As of 2022 there has been no significant change in AQ from this initial 2019 assessment to justify reconsidering the need for an LEZ
Transport	T25	Reduce vehicles in town centres							Available	R	No progress at this stage - evidence base to be developed as part of mobility strategy work
			Investigate options for further air quality related regulatory measures which support climate change mitigation.	Ongoing	Short - by March 2023		Regulatory Services Manager	M	Available	R	
Transport	T26	Reduce vehicles in town centres							Still to be identified	R	Will be included as part of wider Resilience work
Transport	T27	Resilient transport systems	Roads maintenance to adapt to climate change	Ongoing	Medium - by March 2027		Road Maintenance Partnership	M	Still to be identified	R	

Transport	T28	Reduce vehicles in town centres	Revisit road use to maximise benefits of decreased vehicle traffic in Perth following the CTRL Opening	Ongoing	Short - by March 2023		Planning and Development	N/A	Feasibility/design only	A	Phase 4 Perth Transport Futures expected to start Autumn 2022. Link to PPP
Transport	T29	Reduce vehicles in town centres	Explore supporting the establish		2022		Planning and Development	M	Feasibility/design only	G	will be taken forward as part of wider Mobility Strategy and review of current Lift share scheme
Transport	T30	Reduce vehicles in town centres	Review and update parking polic		2023			M	Feasibility/design only	New	Updates to Parking Policy will be carried out as part of the Mobility Strategy.
Transport	T31	Reduce vehicles in town centres	SURFLOUGH Programme - Distr		2022			M	Still to be identified	A	Working in partnership with Perth West and wider SURFLOUGH project
Engagement & Education	E1	General engagement	Develop and deliver annual climate change engagement plan	In progress	Ongoing		Engagement and education working group	H	Available	G	Generally progressing via regular E&E WG Meetings
Engagement & Education	E2	General engagement	Develop and launch comprehensive Climate Change website	Complete	We developed and launched the website on 16/02/22	Four months after the launch the key milestones are: 3000 users of the website - with over 10000 page views (43 news/blogs/community stories posted, 133 climate related events promoted) Communications plan developed for website	Climate Change Team	H	Available	G	Web site launched effectively from end February 2022 and ongoing content being developed
Engagement & Education	E3	General engagement	Develop Perth and Kinross Climate Change Commission	In place	Ongoing from June 2022		Now runs autonomously but with support from Climate Team	H	Available	G	Commission now established and operating with formal meetings and themed workshops
Engagement & Education	E4	Council Elected Members and Staff	Refresh Member induction process to include Climate Literacy	In progress	Immediate - by Autumn 2022		Member services	H	Available	A	Planned for second session of new council (after summer recess); training resources being developed with KSB
Engagement & Education	E5	Council Elected Members and Staff	Develop annual programme for staff training and engagement	Jan-22	Ongoing		Engagement and education working group	H	Available	A	Currently promoting the online e-module in place; numbers can be improved. developing suitable new training vehicle for staff training
Engagement & Education	E6	Council Elected Members and Staff	Develop internal climate change resources hub for staff	Apr-22	Short - by March 2023		Climate Change Team	H	Available	G	In process and in work plans for 2022; accessibility to be discussed
Engagement & Education	E7	Schools and young people	Develop engagement plan and platforms for young people	Jan-22	Immediate - by Autumn 2022		Engagement and education working group	H	Available	G	Ongoing resources in place for direct engagement with schools, good plans in place for a YP Climate Conference for Autumn 2022; also promoting Climate Cafes for schools and YP involvement in CC Commission
Engagement & Education	E8	Schools and young people	Ensure climate change is embedded in school curriculums	In progress	Ongoing		Education & Children's Services	H	Available	G	ECS and Climate Change liaison rep; Schools sub-group created; also put in place an Education Officer full time
Engagement & Education	E9	Schools and young people	Review school operations and practices to ensure our schools lead by example	Apr-22	Medium - by March 2027		Climate change working groups	Priority	Available	G	ECS contracts team added to schools sub group; Practices to be reviewed
Engagement & Education	E10	Community groups and organisations	Establish regular update and engagement sessions for community groups	Feb-22	Ongoing		Engagement and education working group	H	Available	G	generally ongoing interaction with various Groups - through hub and web site
Engagement & Education	E11	Community groups and organisations	Mapping and sharing of community groups involved in climate action	Complete	Ongoing	2200 views of the community groups and projects map (286 groups and projects displayed)	Climate Change Team	H	Available	G	Map created and supporting public survey has been produced to allow new groups to provide details of their projects.
Engagement & Education	E12	Residents	Explore expansion of in-person climate change advice centres	Sep-22	Short - by March 2023		Climate Change Team	H	Available	G	Being delivered through SCARF and Heat Project as service providers; SLA to be put in place; funding and spend approved
Engagement & Education	E13	Residents	Implement thematic specific engagement as outlined in the Buildings, Transport, Land Use, Waste and Resilience Road Maps	Jan-22	Ongoing		Engagement and education working group	H	Available	G	Generally ongoing
Engagement & Education	E14	General engagement	Create social media platforms Facebook Twitter Instagram TikTok	Complete	Apr-22	Communications plan and working group developed to create social media content Views (after 4 months live) Facebook 15.7k Insta 4.6k Twitter 14.4k TikTok 1.7k	Climate Change Team		Available	Complete	Social media platforms launched in Spring 2022
Engagement & Education	E15	General engagement	Create a dedicated landing page for climate change engagement activities and consultations	Complete	Launched Feb 2022	Consultation Hub survey published to ask all community groups how they would like to engage	Climate Change Team		Available	Complete	https://consult.pkc.gov.uk/climate/
Engagement & Education	E17	General engagement	Provide support on the corporate PKC cost-of-living campaign	In progress	Sept 22 - March 23	Cost of living support page published on PK Climate Action Website (links to corporate campaign added). This will be promoted on the CC/PKC and partners social media platforms. The information will also be promoted at all community events/meetings.	Climate Change Team	H	Feasibility/design only	G	https://www.pclimateaction.co.uk/cost-of-living

Engagement & Education	E19	Schools and young people	Youth Conference	In Progress	Date 4th Nov. Invites to be sent out September. All presentations/workshops specifics to be finalised by October		Climate Change Team	H	Feasibility/design only		
Engagement & Education	E20	General engagement	Send out monthly newsletter to subscribers	Complete	Ongoing (monthly)			L	Available	G	150 person event planned for 4 November 2022
Engagement & Education	E21	General engagement	Public engagement campaigns	In progress	Dec-22	Currently developing a plan to attend the Winter Festival in November 2022.	Climate Change Team	Priority	Feasibility/design only	G	
Engagement & Education	E22	Schools and young people	Explore and enhance connections between culture and education. Coordinate with museums and RSGS.	In progress	2023		Climate Change Team	M	Still to be identified		
Engagement & Education	E23	Council Staff	Produce a Sustainability Policy for the 2023 Winter Festival in collaboration with the PKC Events Team. This policy will be used as a template to form a policy document which will be used as a guide for PKC led events.	Not Started			Climate Change Team		Feasibility/design only	New	New
					2023			M		New	New
Business and Industry	B1	Data & Strategic targeting	Collate key info and carbon targeted reduction plans from key employers and industry bodies	In progress	Short - by March 2023	Information from employers with more than 250 employees and main energy users collated	Planning and Development	H	Available	G	Expansion of action to include largest employers 250+ employees and large energy private users (>0.5MW)
Business and Industry	B2	Engagement, Empowerment and Awareness	Identify and meet with key employers/businesses for them to lead/champion the Race to Zero campaign at local level	Completed	Immediate - by March 2022	Meetings with SSE, Aviva, Stagecoach and Highland Spring organised	Planning and Development	N/A	Available	Complete	Inception meetings took place with SSE, Aviva, Stagecoach, Highland Spring, Binn Group
Business and Industry	B3	Strategic Actions	Agree with key employers/businesses the key activities, locations or sectors to target to reduce carbon emissions and achieve a just transition.	Completed	Immediate - by March 2022	Agreement reached with SSE, Aviva, Stagecoach, Highland Spring	Planning and Development	N/A	Available	Complete	SSE, Aviva, Stagecoach and Highland Spring have agreed to act as local champions to promote Race to Zero
Business and Industry	B4	Data & Strategic targeting	Promote with key employers/businesses/business organisations the Race to Zero campaign to local businesses.	Completed	Immediate - by March 2022	Agreement on developing joint actions on Transport/travel, asset energy efficiency and skills/job opportunities	Planning and Development	H	Available	Complete	Key priority areas have been agreed: Transport, Energy, Waste, Skills and jobs
Business and Industry	B5	Strategic Actions	Promote advice and support tools for SMEs to reduce carbon, access funding/green finance, ensure business continuity and measure progress.	Completed	Immediate - by March 2022	Joint announcement at Zero emission Tour Bus 26.10.21 event	Planning and Development	H	Available	Complete	Event took place with presence of champions with good media coverage
Business and Industry	B6	Strategic Actions	Develop public/private learning business forums via existing partnerships/networks	In progress	Short - by March 2023	Signposting to sectoral and representative bodies' online resources and advice in place	Planning and Development	H	Available	G	Business signposting page has been developed on Climate Change Action website and signposting has been relayed in Business Bulletins and other media. There is a need to continue to raise awareness.
Business and Industry	B7	Strategic Actions	Identify and address skills shortage in business and industry including with key employers and their supply chain	In progress	Short - by March 2023	Event to launch forums with strategic partners and practitioners	Planning and Development	M	Available	G	Tay Cities Clean Growth Community has been created and has met several times- Next step is to focus on developing professional networking
Business and Industry	B8	Skills/Jobs	Identify and promote green job opportunities in business and industry including with key employers and their supply chain	In progress	Medium - by March 2027	Joint initiatives agreed	Planning and Development	H	Available	A	Agreed to focus on key industries as identified in Skills Development Scotland (SDS) Green Jobs workforce academy: Construction and Build environment, Transport, Nature, Energy, Engineering, Life and chemical Sciences. There is a need to map skills gap data for each industry
Business and Industry	B9	Skills/Jobs	Develop joint strategic projects to decarbonise Transport (goods and people) with key employers in close liaison with the Transport Group	In progress	Short - by March 2023	Joint initiatives agreed	Planning and Development	H	Available	A	Mapping job opportunities – signpost to SDS website - There is a need to develop more intelligence on job opportunities and how to support access to these jobs. The transition to a greener economy will mean that a broad range of jobs will be subject to varying degrees of green-biased change. Three subcategories of occupations have been identified reflecting the varying impact of greening on jobs and provide an indication of the potential workforce consequences. The three green categories assigned to occupations are: Green Increased Demand – an increase in employment demand but no significant changes in the work and worker requirements of the occupation. Green Enhanced Skills – a significant change to the work and worker requirements of an existing occupation. Green New & Emerging – new unique work and worker requirements, which results in the generation of new occupations. This approach has led to the identification of 100 out of 369 four-digit UK SOC (Standard Occupation Classification) unit groups as green occupations.
Business and Industry	B10	Strategic Actions		On going	Immediate - by March 2022	Joint initiatives agreed	Planning and Development	H	Available	G	Joint initiatives have been identified: Mobility Strategy, Wider EV infrastructure, Active Travel & Public Transport Dunkeld Corridor

Business and Industry	B11	Strategic Actions	Develop joint strategic projects to decarbonise fixed and mobile asset including energy efficiency with key employers in close liaison with the Building and Energy Group	Completed	Short - by March 2023	Joint initiatives agreed	Planning and Development	H	Available	G	Joint initiatives have been agreed Local Heat and Energy Efficiency Strategy, Smart Local Energy Systems (SLES) and Smart Local Energy Programme
Business and Industry	B12	Strategic Actions	Identify and share business continuity plans with key employers in close liaison with the Resilience Group	In progress	Short - by March 2023	Plans identified and liaison established	Planning and Development	M	Available	A	No real progress due to time constraints
Business and Industry	B13	Measuring performance	Agree with key employers/businesses key indicators and measure performance	In progress	Short - by March 2023	Indicators agreed	Planning and Development	M	Available	G	Indicator agreed as % of businesses (250+ employees or largest energy demand (+0.5M) with a set target for reducing carbon emissions
Business and Industry	B14	Strategic Actions	Develop Perth West and Perth Eco-Innovation Park as a national net zero exemplar for decarbonisation of transport and energy	In progress	Medium - by March 2027	Business Case agreed	Planning and Development	Priority	Available	A	Outline Business Case is being finalised. Bid submitted to UK Levelling-Up Fund
Business and Industry	B15/New	Strategic Actions	Transport: Facilitate Business engagement in the development of PK Mobility Strategy, Wider EV infrastructure, Active Travel & Public Transport Dunkeld Corridor	In progress	Short - by March 2023	Effective engagement	Planning and Development	H	Feasibility/design only	New	New Action
Business and Industry	B16/New	Strategic Actions	Energy: Facilitate business engagement in the development of the Local Heat and Energy Efficiency Strategy (LHEES), Smart Local Energy Systems (SLES) and Smart Local Energy Programme	In progress	Short - by March 2023	Effective engagement	Planning and Development	H	Available	New	New Action
Buildings and Energy	B1	Domestic - Private	Prepare a costed programme and seek funding to complete the Local Heat and Energy Efficiency Strategy (LHEES), as the basis for future planning and delivery of specific building level interventions and heat decarbonisation measures across zones (e.g. heat networks) in Perth & Kinross.	In Progress	Ongoing	1. Formal Statutory Proposals from SG. 2. Complete LHEES process. 3. Identify heat decarbonisation measures across P&K.	Planning and Development	Priority	Feasibility/design only	G	Awaiting finalised guidance/methodology & resourcing commitments from Scottish Govt. Internal preparatory work is ongoing to develop workplan for PKC inc identifying likely resources required internally and potential use of consultancy funding to be issued by Scottish Govt. Work being undertaken to meet statutory requirements by Dec 2023 outlined in LHEES guidance (draft).
Buildings and Energy	New	Domestic - Private	Using Scottish Government awarded grant funding, undertake LHEES pilot project with consultancy/EST support to further develop capacity for future LHEES statutory duties and support ongoing policy development in this area.	Complete	Immediate - by March 2022		Planning and Development	H	Available	Complete	LHEES pilot project has been completed.
Buildings and Energy	B2	Domestic - PKC	Develop and deliver a programme to ensure all existing Council houses are brought up to EPC B by 2032	Financial year 21/22	Long - between 2027-2045	1. Target Council housing with EPC Band D and below by 2026. 2. External consultants to be appointed to carry out a high level review of current housing stock and to identify scope and costs for meeting EPC B.	Housing	Priority	Feasibility/design only	A	Two post holders have now joined the Improvements Team to progress this action. Third technical post holder has been appointed and is due to start within the team on 17 October 2022.
Buildings and Energy	B3	Domestic - PKC	Investigate the potential to deliver new build exemplar projects using a net zero approach incorporating other sustainability measures including potential avenues for funding and potential to incorporate mixed use developments.	At master planning stage	Medium - by March 2027	Review of Design Guide for New Build affordable housing	Planning and Development	M	Available	A	Draft Design Guide available and workshop to be arranged with stakeholders to discuss further and agree final document. Change in personnel within the team and new Team Leader has just been appointed to take this forward.
Buildings and Energy	B4	Domestic - PKC	Develop a comprehensive suite of measures for inclusion in the review of the Local Housing Strategy to assist our tenants in meeting the challenges of climate change mitigation by reducing energy and water consumption.	Ongoing	Immediate - by March 2022	Agreement and issue of Energy Guide for Tenants for 2021	Joint between Planning and Development and Housing	H	Available	G	Draft Local Housing Strategy has been prepared
Buildings and Energy	B5	Domestic - Private	Work with local Housing Associations to maximise the number of social rented homes achieving EPC B by 2032.	Ongoing	Long - between 2027-2045		Planning and Development	H	Still to be identified	R	Housing strategy and sub-group workshops have been undertaken

Buildings and Energy	86	Domestic- Private	Carry out a comprehensive awareness raising programme, giving private landlords notice of impending EPC targets and directing them to the technical advice required, to allow them to upgrade their properties where required.	Ongoing	Long - between 2027-2045		Joint between Housing and Legal and Governance Services	M	Still to be identified	R	Not taken forward and still in early development due to changes in personnel within Planning and Housing strategy team.
Buildings and Energy	87	Domestic- Private	1. Develop support for private landlords to work towards the required housing energy standards where there are issues with the co-ordination of multi owners. 2. Monitor likely demand and consider options for resourcing this service including charging on a cost recovery basis	Financial year 21/22	Long - between 2027-2045		Joint between Housing and Legal and Governance Services	M	Still to be identified	R	Not taken forward and still in early development due to changes in personnel within Planning and Housing strategy team.
Buildings and Energy	88	Domestic- Private	Introduce a scheme for home energy efficiency advice, co-designed with partner organisations, the third sector and the public (to consider also income maximisation)	Ongoing	Short - by March 2023		Joint between Planning and Development and Housing	H	Still to be identified	G	Partnership with SCARF and HEAT Project in place until December 2023 that will double capacity
Buildings and Energy	89	Domestic- Private	Commission research into fuel poverty and housing conditions in the private sector, to assess the scale of the problem and develop an action plan to tackle the issue.	Ongoing	Short - by March 2023		Planning and Development	H	Available	A	Survey work has been completed on Council Housing stock but final report is still awaited. Surveys for Private Properties is still in development.
Buildings and Energy	810	Domestic - PKC	Carry out an updated survey programme (similar to the one being carried out by Property Services) to refresh information about the condition of the Housing non-domestic estate (HRA) portfolio.	Financial year 21/22	Immediate - by March 2022		Housing	H	Still to be identified	A	Finalised list of properties has been agreed with Estates. Energy efficiency surveys to be undertaken as part of wider consultant role.
Buildings and Energy	811	Non-domestic - PKC	Develop options, costs and funding avenues for PKC Estate Portfolios to reduce greenhouse gas emissions. Options should include non-direct emissions heat source and Low and Zero carbon construction methods such as Passivhaus/Enerphit for all new build and major refurbishment projects to achieve energy efficiency and quality. All proposals to be aligned with proposed changes to the Scottish Building standards and the Scottish Futures Trust - 'Net zero public sector buildings standard'.	Ongoing	Short - by March 2023	1. Comply with updated building standards. 2. Align with SFT - Net zero public buildings strategy. 3. Identify a plan to meet SG domestic and non-domestic targets.	Property/Housing	Priority	Feasibility/design only	A	New staff member recruited and work on this action will be commenced in early Oct 22.
Buildings and Energy	812	Non-domestic - PKC	All non - domestic buildings considered for refurbishment must have improved energy efficiency and performance, adopting the 'fabric first' approach by upgrading building fabric and incorporating non-direct emissions heat sources measures as standard to reduce heat demand and 'in use energy' consumption to a level indicated in the Property Services Energy Policy. These measures will also align with wider Scottish Government targets and future LHEES duties to improve EPC ratings and meet future Net Zero emissions targets.	Financial year 21/22	Ongoing	1. Identify additional resources: staffing and financial. 2. Initial scope to be identified using Consultants as part of Phase 1 project. 3. Set specific targets for each building as full scope of works is identified.	Budget Holders incl. - Property Services/Communities/ECS	Priority	Still to be identified	R	New staff member recruited and work on this action will be commenced in early Oct 22.

Buildings and Energy	813	Non-Domestic - P&K	Develop and invest in local district heat/communal heat/electricity networks where viable which use alternative non-direct emissions heat sources such as electricity, hydrogen or bio fuels. This must also be considered in conjunction with the requirements of the LHEES programme, Heat Networks bill and the Scottish Governments Heat in Buildings strategy.	Financial Year 21/22	Short - by March 2023	1. Identify additional financial and staffing resources. 2. Initial scope to be identified using LHEES and Consultants as part of Phase 1 project. 3. Compliance with Scottish Governments Heat in Buildings strategy.	Communities/Housing/Property Services.	Priority	Still to be identified	A	New staff member recruited and work on this action will be commenced in early Oct 22 in conjunction with LHEES project.
Buildings and Energy	814	Non-domestic - PKC	Re-evaluate all existing 'business as usual' programmes of work which are currently funded. Where possible re-prioritise these to ensure that a reduction in greenhouse gas emissions is the key driver for each expenditure programme. Typical reprioritised works to be considered would be upgrading building fabric, glazing, installation of LED lighting, replacing inefficient heating systems with non-direct emissions heat sources, improving Building controls systems and include local energy generation as standard.	On hold	Immediate - by March 2022	1.To be identified and aligned with annual expenditure programmes. 2. To align with investment blueprint. 3. Reduce annual emissions.	Property Services	H	Available	R	Projects prioritised for 22/23 and some works will be undertaken. However due to other essential works and a reduction in budget limited progress will be made.
Buildings and Energy	815	Non-Domestic - P&K	Explore and secure alternative funding streams to assist the transition to zero carbon and meet Scottish Government Climate Change targets.	Financial year 21/22	Ongoing	To identify and secure funding as it becomes available.	Communities - exact Service to be determined.(Corporate Resource)	M	Still to be identified	R	1x Funding Officer recently in post and this is in early development stage.
Buildings and Energy	816	Non-domestic - PKC	Review the property portfolio and reduce emissions through a combination of maximising and optimising the use of buildings in line with the Corporate Asset management review and Smarter Working.		Short - by March 2023	1. Assist with targets for reduction in CO2 emissions by rationalising the estate portfolio.	Property Services/ Communities/Estates	H	Feasibility/design only	A	Currently developing Corporate Asset management strategy to include Property Asset management as part of this process. Smarter working is developing separately but will align.
Buildings and Energy	817	Non-Domestic - P&K	Develop collaborative and partnership working with other Public sector bodies and community planning partners to achieve net zero by 2045.	Financial year 21/22	Short - by March 2023	1. Capitalise and improve partnership working to achieve area wide Net Zero targets.	Property Services/ Communities	H	Feasibility/design only	A	One Public Estate working group established with partner organisations. All agreed we need to look at strategic opportunities for reducing and collaborating with our property estates.
Buildings and Energy	818	Non-Domestic - P&K	Area-wide assessment including the investigation for future local energy targets. To include existing energy resource demand for heat and transport; energy storage potential; building stock (domestic and non-domestic). Potential to include LHEES in this process in line with Local and National targets set by the Scottish Government.	Financial year 22/23	Medium - by March 2027	1. Identify heat decarbonisation measures across P&K	Planning and Development	M	Feasibility/design only	G	Awaiting update from consultants, delayed due to change in personnel.
Buildings and Energy	819	Non-domestic - PKC	Investigate water conservation measures to cost options for a dedicated water management resource to reduce water consumption and waste across the estate. This will reduce the Council's expenditure and assist Partner organisations including Scottish Water to reduce greenhouse gas emissions.	Apr-22	Medium - by March 2027	1. Decrease water consumption 2. Reduce Scope 3 indirect greenhouse gas emissions	Property Services	H	Still to be identified	G	Action not taken forward as deemed as low priority and no financial or staff resource available at this time.
Buildings and Energy	820	Non-domestic - PKC	Explore and enhance connections between culture and education. Coordinate with museums and RSGS.	Ongoing	Ongoing	1.Decrease Energy consumption and emissions 2. Improve energy awareness.	Education & Children's Services	H	Available	R	New ECS officer recently allocated to this role and it is still in development.

Buildings and Energy	B21	Non-domestic - PKC	Replace all Oil fired heating systems with non- direct emissions heat source, adopting a fabric first approach to reduce heat demand. Increase local energy generation and improve heating control systems. Increase level of smart metering for all utilities.	On hold	Ongoing	1.To work towards meeting SG non-domestic targets. 2. To align with investment blueprint. 3. Undertake quick wins to reduce, energy consumption and annual emissions	Property Services	Priority	Still to be identified	R	Action not taken forward as no funding available. Needs to be considered for funding in 23/24 if action is to be achieved. Situation compounded by LHEES and SG targets now set for removal of off gas grid/direct emissions heat sources by 2030.
Buildings and Energy	B22	Non-domestic - PKC	Work with energy and utility suppliers to share ideas, discuss future solutions and partnership working in relation to energy supply and resilience.	Financial year 21/22	Ongoing	1. Decrease Energy consumption and emissions for PKC and wider P&K.	Property Services	H	Available	R	Action ongoing with various working groups set up. SSEN are currently looking at future funding and will have dedicated team available to assist LA's.
Waste & Circular Economy	W1	Data & Strategic Targeting	Conduct a more detailed greenhouse gas assessment of the Waste projects and activities, to prioritise future climate change activities.	Complete	Immediate - by March 2022	Carbon Metric Factors Summary Report and Scenario Modelling. Investigate national co-ordination and support to ensure a consistent methodology and accurate data set is utilised.	Waste Services	H	Available	A	The top 5 materials recording the greatest carbon impact and require targeted are: 1. Animal & Mixed Food Wastes, 2. Household & Similar Wastes (residual waste from RCS?), 3. Textiles, 4. Plastics, 5. Paper & Cardboard The figures will be reviewed on an ongoing basis (annual)
Waste & Circular Economy	W2	Data & Strategic Targeting	Undertake a Perth & Kinross Circular Scan to establish a baseline for the Circular Economy Route map	In progress	Medium - by March 2027	Building on initial Material Flow Analysis (MFA) and industry sectoral study, a current state analysis will be conducted.	Planning and Development	H	Available	A	End date moved to 2023 Initial Material Flow Analysis has been carried out, but more detailed assessment is needed in close partnership with industry
Waste & Circular Economy	W3	Data & Strategic Targeting	Food Waste: Gather data to create a baseline of knowledge, participation and barriers	In progress	Short - by March 2023	Food waste survey for householders, businesses and organisations on Commonplace.	Waste Services	H	Available	A	End date moved to March 2023 Baseline will be completed by Dec 2022- Follow up mentoring after campaign Householder FW survey completed April 2022 Niamh Anderson, Ruairidh Hanna added
Waste & Circular Economy	W4	Data & Strategic Targeting	Textiles: Confirm a baseline for behavioural change	Jan-23	Short - by March 2023	Public Consultation. Action Plan Developed	Waste Services	H	Available	A	Focus is currently on Food Waste - Textile campaign has been programmed for delivery in January 2022
Waste & Circular Economy	W5	Ensure alignment with the Scottish Government Climate Change Route map	Review how the national Deposit Return Scheme (DRS) and Extended Producer Responsibility can be introduced effectively in Perth and Kinross & regionally	In Progress	Short - by March 2023	Extended producer Responsibility Consultation Response Submitted Provide indicative cost & performance modelling (rural collections) data to inform research phase for EPR Watching brief on implementation dates	Waste Services	H	Still to be identified	A	Delay to EPR announced - Government response to consultation published. Application to Recycling Improvement Fund deferred until June board - clarifications to be submitted before end of April. For DRS initial meetings with BIFFA and Circularity Scotland have been had. DRS still to start August 2023. For EPR •Payments to LAs will commence in 2024 for household packaging •Based on a payment calculator and for 'necessary costs' and based on effective and efficient collection systems. •Notification will be given of confirmed payment in
Waste & Circular Economy	W6	Ensure alignment with the Scottish Government Climate Change Route map	Watching brief on requirement to provide separate collections for garden waste and textiles by 2023 & 2025 (EU Commission)	Subject to Scottish Government Timetable	Short - by March 2023	Watching brief on national consultations Model service requirements if required	Waste Services	H	Still to be identified	A	In the Circular Economy Route map, Scottish Government have committed to consult on requirements to separately collect garden waste (by 2023), textiles and hazardous elements of household waste (by 2025), as set out in the Climate Change Plan update (2020), and in line with EU Commission's Circular Economy Package.
Waste & Circular Economy	W7	Ensure alignment with Scottish Government Legislation and Climate Change Route map	Review implications of Circular Economy Bill which will encourage the reuse of products and reduce waste. The bill will tackle our reliance on single-use items and include measures to tackle textile pollution/fast fashion.	Subject to Scottish Government Timetable	Medium - by March 2027	Watching brief on national consultations Model service requirements if required	Waste Services	H	Still to be identified	G	Regulation came into force from June 2022 for some single use plastics
Waste & Circular Economy	W8	Ensure alignment with Scottish Government Legislation and Climate Change Route map	Carry out a further review of actions on completion of the Scottish Government Route map review in 2022. The Scottish Government review will consider whether the national targets and interventions align with net zero.	Subject to Scottish Government Timetable	Short - by March 2023	Attend Stakeholder engagement Sessions Watching Brief on national consultation (March 2022)	Waste Services	H	Still to be identified	A	Delivering Scotland's circular economy - route map to 2025 and beyond: consultation published in May 2022 and closed in August. Work ongoing to understand future requirements. Update will be prepared for the Waste Management Plan update in January 2023.
Waste & Circular Economy	W9	Thematic Action Plan for High Carbon Materials	Develop a Food Waste Action Plan	Aug-21	Short - by March 2023	Public Consultation. Action Plan Developed.	Waste Services	H	Available	A	Project Plan and timeline created for food waste comms - Food Waste Action plan has been drafted. Needs further work.
Waste & Circular Economy	W10	Thematic Action Plan for High Carbon Materials	Review interim Food Waste Action Plan in 2022 following the evaluation of the National Food Waste Reduction Plan	Subject to Scottish Government Timetable	Short - by March 2023	Watching brief on national consultations Model service requirements if required	Waste Services	H	Feasibility/design only	G	Within the Circular Economy Route map the Scottish Government will publish a review of progress towards the food waste reduction target in 2022, alongside an updated Food Waste Reduction Action Plan that sets out our plans to accelerate progress on food waste.

Waste & Circular Economy	W11	Thematic Action Plan for High Carbon Materials	Ensure the effective collection of consumable surplus food from all stages in the supply chain, from farms to retail, and redistribute it to community food organisations while working to raise the nutritional standards of the food being offered.	TBC	Medium - by March 2027	Incorporate as part of the Good Food Strategy & Action plan	TBC	H		Still to be identified	A	In progress- Officers involved still to be identified (Kim MacDonald?)
Waste & Circular Economy	W12	Thematic Action Plan for High Carbon Materials	Recycling Services by (1) Implementing in Nov 2023, expanding PKC recycling services to include flexible plastic packaging and hard rigid plastics (as market conditions allow) (2) Implementing Nov 2022	In progress	Short - by March 2023	Action Plan for Twin Stream Recycling Service change including Contract Strategy development. Action Plan for Perth City Centre	Waste Services	Priority		Available	A	£2.7M RIF funding granted.
Waste & Circular Economy	W13	Thematic Action Plan for High Carbon Materials	Maximise value from waste through reduction of greenhouse gas emissions via diversion of organic waste from landfill into recycling and energy production	In Progress	Short - by March 2023	Secure a long-term residual waste treatment solution to meet the implementation date for the ban on landfilling biodegradable municipal waste ban by 31 December 2025. Waste Analysis completed Autumn 2021. Procure Contract by March 2022 (latest). Award contract by December 2022	Waste Services	H		Available	A	PIN issued to show intention to come out to market with tender by June 2022. Look to award contract by the end of 2022 for a April 2023 start date. Will be awarded by Dec 2022
Waste & Circular Economy	W14	Promote a rapid transition to the Circular Economy	Develop a Circular Economy route map including an action plan for Circular Textiles & Sustainable Fashion		Jan-23 Short - by March 2023	Public Consultation. Route map developed.	Waste Services	H		Available	R	Work has not started on this action due to resourcing . Extended date until 01/01/2022
Waste & Circular Economy	W15	Promote a rapid transition to the Circular Economy	Develop a Circular Economy Route map including actions to reduce consumption of products and materials and make better use of existing products including tackling single use items		Short - by March 2023	Embed Sustainable Procurement Duty and promote sustainable procurement tools. Investigate Circular Procurement opportunities.	Corporate Procurement Team	Priority		Still to be identified	R	On hold due to procurement capacity until after the Council's Transformation project is complete
Waste & Circular Economy	W16	Leading by Example	Development of a Resource Management Plan for Education & Children's Services		Mar-22 Short - by March 2023	Plan Agreed	Waste Services	H		Still to be identified	A	Template developed in partnership with education to enable internal waste audits to evaluate further actions required i.e. bins, signage Look to consolidate information for schools alongside other action plans. First meeting of working group is 13th Sep 2021
Waste & Circular Economy	W17	Leading by Example	Asset Management Review of Waste & Recycling Infrastructure		Apr-22 Ongoing	Building Condition & Suitability Surveys including Climate Change Action Audit, Options Appraisal	Waste Services	H		Still to be identified	A	Asset review underway
Waste & Circular Economy	W18	Leading by Example	Review PKC purchasing Policy in line with Scottish Legislative Single Use Plastics Ban coming into force in 2022. Explore initiatives to reduce the quantity of single use items used by the Council		May-22 Short - by March 2023	Reduction in Single Use products being purchased internally Engage with PKC users and partners who use single use products and work towards a reduction, or outright ban Single use products no longer available for procurement via in-house purchasing systems, apart for exempt use e.g. health care In-house campaign highlighting alternatives to single use products External campaign highlighting alternatives to single use products	Waste Services	H		Available	G	Ban on single use plastic cutlery, plastic straws, balloon sticks, food & beverage containers and cups for beverages came into force from June 2022. We are up to date and compliant with Single Use Plastic ban and will now investigate and reduce other types of single use plastics.
Waste & Circular Economy	W19	Cross Cutting Theme/Strategic Action	Develop a Good Food Partnership and prepare a Good Food Strategy & Action Plan for Perth & Kinross.		Jun-22 Short - by March 2023	Elected Member & Stakeholder Engagement & Public Consultation	Waste Services	H		Still to be identified	A	Funding bid successful Action Plan has been drafted and is in progress Recruiting a Good Food Project Officer to support work
Waste & Circular Economy	W20	Cross Cutting Theme/Strategic Action	Work with the Resources Management Association (RMAS) to decarbonise sector and liaise with the Business & Industry Group		Jul-22 Short - by March 2023	Plan agreed	Planning and Development	H		Still to be identified	A	Meeting with RMAS scheduled October 2022 and timeline to be finalised- Extend to 2022
Waste & Circular Economy	W21	Cross Cutting Theme/Strategic Action	Establish a Stakeholder Advisory Group to review & develop the Waste & Circular Economy Action Plan		Aug-22 Short - by March 2023	Plan reviewed	Waste Services	H		Still to be identified	R	Not actioned- Extend to 2022

PERTH & KINROSS COUNCIL

9 November 2022

AUDITED 2021/22 ANNUAL ACCOUNTS and ANNUAL AUDIT REPORT TO THE MEMBERS OF PERTH & KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR THE YEAR ENDED 31 MARCH 2022

Report by the Chief Accountant
(Report No. 22/273)

1. PURPOSE

- 1.1 This report presents the Council's Audited 2021/22 Annual Accounts and the Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2022.

2.	RECOMMENDATIONS
2.1	<p>It is recommended that the Council:</p> <ul style="list-style-type: none"> • Notes the Audited 2021/22 Annual Accounts– see paragraph 5.4. • Notes the contents of KPMG's Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2022 – see paragraph 6.3.

3. STRUCTURE OF THE REPORT

- 3.1 This report includes the following sections:
- Section 4 - Background
 - Section 5 - Audited 2021/22 Annual Accounts
 - Section 6 - Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2022
 - Section 7 - Conclusions

4. BACKGROUND

- 4.1 In line with legislative requirements, the Audit & Risk Committee considered the Unaudited 2021/22 Annual Accounts on 28 June 2022 (Report No. 22/157 refers).

- 4.2 The Unaudited 2021/22 Annual Accounts were then submitted to KPMG, the Council's external auditors on 28 June 2022.
- 4.3 The Annual Accounts are prepared in accordance with the 2021/22 CIPFA Code of Practice on Local Authority Accounting ("the Code").
- 4.4 These accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014 which revoked the Local Authority Accounts (Scotland) Regulations 1985.
- 4.5 The Unaudited 2021/22 Annual Accounts were available for public inspection between 1 July and 21 July 2022 (inclusive). During this period, KPMG received no objections to the draft Unaudited Annual Accounts.

5. AUDITED 2021/22 ANNUAL ACCOUNTS

- 5.1 The audit of the 2021/22 Annual Accounts took place between July and September 2022. The audit considered not only the financial statements but also areas such as financial performance and corporate governance.
- 5.2 Two audit differences were identified during the audit (see page 39 of the External Audit report). One related to a judgemental difference on the obsolescence of external works. This was unadjusted (uncorrected) but has no impact on the level of resources available to the Council. The second adjustment was made (corrected) and related to a disclosure note which had no impact on the core financial statements. In addition, there were a few minor presentational adjustments.
- 5.3 The Audited 2021/22 Annual Accounts are attached to this report at **Appendix 1**.
- 5.4 **ACTION:** The Council is asked to note the Audited 2021/22 Annual Accounts.

6. ANNUAL AUDIT REPORT TO THE MEMBERS OF PERTH & KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR THE YEAR ENDED 31 MARCH 2022

- 6.1 The Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2022 is set out at **Appendix 2** (the Audit Report). The Audit Report sets out KPMG's opinions and conclusions on the overall audit and their findings to be reported under ISA260: Report to those Charged with Governance. The Audit Report also includes the findings in relation to Perth & Kinross Charitable Trusts.
- 6.2 The key messages from the 2021/22 audit are set out in the Audit Conclusions on page 5 of **Appendix 2** and are summarised as follows:

Audit Opinion

- KPMG issued an unqualified opinion on the truth and fairness of the state of the Council's affairs as at 31 March 2022.

Financial Reporting Framework, Legislation and Other Reporting Requirements

- The Annual Accounts have been prepared in accordance with the CIPFA Code and relevant legislation.

Annual Accounts Preparation and Audit Readiness

- The Accounts were provided to KPMG on 28 June 2022. The Council's finance team continued to perform well in its delivery of high-quality annual accounts, particularly considering the operational impact of Covid-19

Statutory Reports

- There are no circumstances to notify the Controller of Audit that indicate a statutory report may be required

Other Communications

- There were no significant difficulties during the audit. There were no other significant matters that were discussed, or subject to correspondence with management that have not been included in the report.

Audit Misstatements

- There were two misstatements identified through the audit (see paragraph 5.2 above), one was corrected, and one was uncorrected.

Written Representations

- The letter of representation was amended to include additional representations on the treatment of Heritage Assets. There were no further representations to those that are standard as part of the audit.

- 6.3 **ACTION:** The Committee is asked to note the contents of KPMG's Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2022.

7. CONCLUSIONS

- 7.1 KPMG's findings on the 2021/22 Audit are set out in the Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2022 which is attached **Appendix 2** to this report.

Author(s)

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Alison O'Brien	Corporate Accounting Manager	

Approved

Name	Designation	Date
Stewart Mackenzie	Head of Finance	10 October 2022
Karen Donaldson	Chief Operating Officer	19 October 2022

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1. Corporate Plan

- 1.1.1. The Council's Corporate Plan 2018 – 2023 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1. Financial

- 2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

2.2. Workforce

2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

2.3. Asset Management (land, property, IT)

2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

3. Assessments

3.1. Equality Impact Assessment

3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.1.2. The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as not relevant for the purposes of EqIA.

3.2 Strategic Environmental Assessment

3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.2.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

3.3 Sustainability

3.3.1 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. Consultation

4.1 Internal

- 4.1.1 The Executive Leadership Team have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

- 2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

Appendix 1 – Audited 2021/22 Annual Accounts

Appendix 2 – Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2022



PERTH & KINROSS COUNCIL

ANNUAL ACCOUNTS

2021/22

AUDITED

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MANAGEMENT COMMENTARY

1. Introduction

These Annual Accounts contain the financial statements of Perth & Kinross Council and its group for the year ended 31 March 2022.

This management commentary outlines the key messages in relation to financial planning and performance for the year 2021/22 and how this has supported delivery of the Council's strategic objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which it will face as it strives to meet the needs of the people of Perth and Kinross.

A glossary of terms is set out from page 102.

2. Our Vision and Strategic Objectives

The Council is situated in a central location in Scotland. It covers a geographical area of around 5,286 km² and has an estimated population of 151,910. Between 1998 and 2020, the population of Perth and Kinross has increased by 12.9%. This is the 7th highest percentage change out of the 32 council areas in Scotland. Over the same period, Scotland's population rose by 7.7%. The latest population projections over the next 10 years show a 1% increase compared to 1.8 % across Scotland.

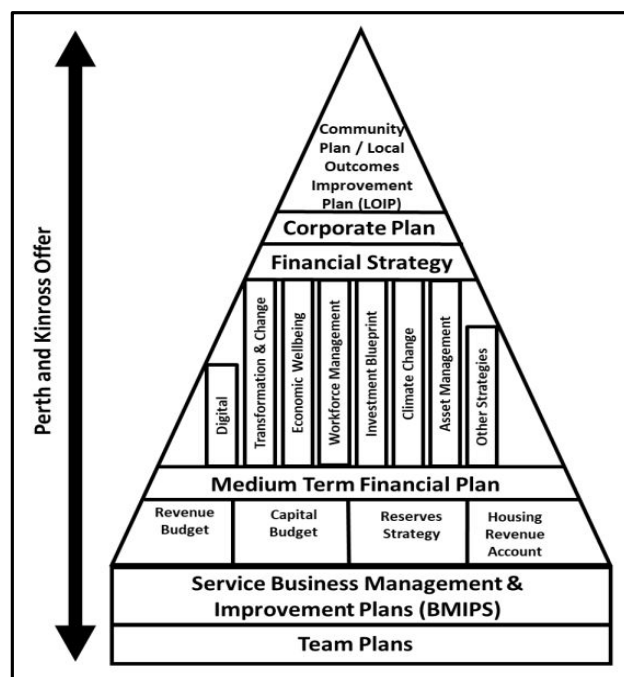
The Council's vision is to *create a confident, ambitious and fairer Perth and Kinross, for all those who live and work here*. Through its five strategic objectives, set out within the Community Plan (Local Outcomes Improvement Plan) 2017-27 and Corporate Plan 2018-2022, the Council aims to maximise the opportunities available to our citizens to achieve their potential. These objectives will be refreshed at the Council meeting in late September 2022. At the heart of the vision is a desire to see investment in early intervention and prevention focused on building success and reducing the costs of failure.

The five Strategic Objectives which support the delivery of the Council's vision are:

- Giving every child the best start in life
- Developing educated, responsible and informed citizens
- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

The Corporate Plan does not stand alone. Rather, it forms part of a robust strategic framework that connects the vision of the Council and its partners to the detailed plans that guide the delivery of our services.

This framework ensures that all Council plans and strategies are driven by and focused towards the delivery of a single shared vision for the area and our services connecting everything we do by a "golden thread" leading from the Community Plan, to individual Services' Business Management and Improvement Plans, through to day to day service delivery by our people.



3. Covid-19

Covid-19 continued to have a significant impact across Perth and Kinross during 2021/22.

The Council continued to work alongside communities and partners to support those affected and further strengthen these relationships and ensure effective working is maintained. This will support and guide the Council as it builds on the Perth and Kinross Offer.

While this has been a uniquely difficult time, the Council recognised the need to support its residents and businesses across Perth and Kinross. It is a testament to the character and spirit of the people across the communities of Perth and Kinross that there are many positive stories and new ways of working together.

- an ability to come together in times of crisis.
- the willingness of volunteers to step up and help their communities.
- the flexibility of people to adapt to new and challenging environments.
- the kindness and understanding shown in personal sacrifices for the sake of community safety.
- the determination shown by front line staff, individuals and organisations to adapt and overcome the incredible challenges they faced in delivering vital support and services to people in need of help.

In 2021/22, the Council received in the region of £40 million of additional funding from the Scottish Government to address the challenges of Covid-19. Much of this additional funding was for onward distribution to businesses and individuals.

In terms of the Council's financial statements these resources have either been treated as agent or principal. As an agent, the Council acts as an intermediary and therefore excludes these transactions from the Comprehensive Income and Expenditure Statement. Details are included in Note 15 with the main agency expenditure being in respect of business grants.

Where the Council acts as a principal, it is acting on its own behalf and therefore the transactions are included within the Comprehensive Income and Expenditure Statement. The Council received approximately £10.73 million through the Scottish Government Revenue Support Grant. Further funding was provided for areas such as education recovery. There is significant funding set aside for future commitments within the Council's earmarked Reserves to address ongoing challenges faced from the pandemic.

4. The Annual Accounts 2021/22

The Annual Accounts report the financial performance of the Council. Their main purpose is to demonstrate the stewardship of public funds which have been entrusted to it for the delivery of the Council's vision and strategic objectives. The requirements governing the format and content of the Council's Annual Accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021 Code). The 2021/22 Annual Accounts have been prepared in accordance with this Code.

5. The Financial Plan

To support the delivery of the strategic objectives during 2021/22, Perth & Kinross Council approved a balanced gross revenue budget of **£486.02 million** for the General Fund (March 2021). In addition, the Housing and Communities Committee approved a gross revenue budget of **£30.917 million** for the Housing Revenue Account (February 2021). As part of its consistent approach to longer term financial planning, the Council has in place a Medium Term Financial Plan through to 2027/28 and a Final Revenue Budget for 2022/23. The HRA Budget was also updated in February 2022. In June 2022, the Council also approved its Financial Strategy.

Councils need to account for their spending and income in a way which complies with our legislative requirements. Most day to day spending and income is recorded within the General Fund and the costs and income in relation to the management of our housing stock are recorded within the Housing Revenue Account.

Key to the delivery of Council Services is investment in the assets which are used to deliver these services (including schools, houses and transport infrastructure) and the utilisation of capital funding to stimulate development and regeneration in local areas. In 2021/22 the Council budgeted for gross capital investment of **£124.4 million** on General Fund activities and **£11.5 million** in respect of the Housing Revenue Account. This expenditure is funded from borrowing, government grants, other external contributions, capital receipts, revenue contributions and earmarked reserves. The Council approved a new 6-year delivery programme for 2022/23 to 2027/28 at its meeting on 23 February 2022.

6. Performance Management

Delivery of services and improvement across the Council is managed within a well-established performance framework. This supports the delivery of the Council's strategic objectives by making clear connections between its strategic vision, values and aims through to operational delivery of services. Annual reports, as well as six monthly updates are produced by each Service, which detail the achievements contributing towards the delivery of priorities as well as identifying areas for improvement. The Scrutiny and Performance Committee also provides further assurance on the performance and effectiveness across all of the Council's work.

Throughout the organisation, performance is routinely managed and reported within teams, Senior Management Teams, the Executive Leadership Team, and the Extended Executive Leadership Team as well as elected members and the wider public.

The Council has a statutory duty to publish performance information for comparison and benchmarking purposes to its citizens and communities. It does this through the annual report to Council and the Scrutiny and Performance Committee on the Local Government Benchmarking Framework and the online performance dashboard "PK Performs", which is kept up to date on the Council's website. An Annual Performance Report is also published and a short video was introduced during 2021/22 to accompany this which provides a snapshot of the report and makes information more accessible.

There were still residual impacts on reporting arrangements in 2021/22 due to the Covid-19 pandemic. Service annual reports were considered later in the year, which impacted upon the provision of six-monthly updates. Year-on-year comparison data was not included within Local Government Benchmarking Framework and Annual Performance Reports, reflecting that data available was not necessarily comparable with that of previous years.

There are several key strategies being revised or developed in 2022/23, including the Local Outcomes Improvement Plan, new Corporate Plan, the Transformation & Change Strategy and the Financial Strategy all underpinned by the Perth and Kinross Offer. In addition, the Council has purchased a performance management software solution which will be rolled out throughout 2022/23. It is anticipated that these developments will assist in enhancing current arrangements, providing further understanding of how well the Council is performing, whilst making information more accessible and offering a balanced view of our overall performance.

Service Annual Performance Reports were presented to the Scrutiny and Performance Committee on 8 June 2022 and then to relevant Committees throughout the remainder of June 2022. It is anticipated that the Council's Annual Performance Report will be considered by Scrutiny and Performance Committee in early September 2022 and then to Council later in 2022. These reports provide comprehensive information on the Council's performance for 2021/22. The full range of performance information for 2021/22 will be available online. This includes the Council's Annual Performance Report, the online performance dashboard "PK Performs", Service performance reports, benchmarking, and links to further information. The website is updated with performance reports and data as it becomes available.

For 2021/22 a selection of performance highlights are set out in the following table:

Objective	
Giving every child the best start in life	<ul style="list-style-type: none"> The expansion of the provision of Early Learning and Childcare to 1,140 hours per year has continued, to deliver high quality, flexible, accessible early learning and childcare for 3–5-year-olds and eligible 2-year-olds, with places provided for nearly 3,000 children over the course of the year. External inspections of service by the Care Inspectorate have been very positive, with over 80% of ratings being 'Good' or better. The principle of supporting children and young people within the community continues to be effectively managed, with 94% of looked after children in community placements. The Council co-ordinated and supported the response to child poverty delivering on the actions outlined in the Local Child Poverty Action Report. Work to mitigate child poverty meant £5.5m of additional financial support for struggling families through the provision of welfare rights advice to 1,309 families with dependent children and 113 minority ethnic families. The Council provided £256,000 to support food security across Perth and Kinross and ran a "Feeling the Pinch" campaign to raise awareness of the wide variety and range of support both locally and nationally. The Council delivered year one of the new Community Learning and Development Plan 2022/25 as part of the wider recovery and renewal approach for individuals, families and communities impacted by Covid-19.
Objective	
Developing educated, responsible and informed citizens	<ul style="list-style-type: none"> Overall attainment remains strong, with the achievement of Curriculum for Excellence levels across P1 to S3 remaining steady in 2021, with an improvement in relation to comparator authorities. In the senior phase, overall average tariff points increased again in 2021. However, deprivation-related outcome gaps remain stubborn, and this remains a key focus of improvement activity across the Service. Developed in collaboration with children and young people, "Our Promise to You" - the Perth and Kinross Corporate Parenting Plan 2021-24, outlines a clear ambition to ensure that all children and young people with care experience will have all they need to thrive in their school and home environments. A Digital Participation Working Group was established to increase levels of digital participation and it supported 11 community-led projects in 2021/22 with £20,000 of funding. The Council supported 279 adult learners to improve their employability or digital skills by delivering a range of courses exclusively online throughout 2021/22. Although this was an increase on the previous year of 110, the aim is to improve and exceed pre-Covid levels. Three Local Action Partnerships developed new Locality Action Plans and have distributed funding to support priorities which include investment in community assets and sports facilities, and funding for local youth outreach work.
Objective	
Promoting a prosperous, sustainable and inclusive economy	<ul style="list-style-type: none"> The Perth and Kinross Economic Wellbeing Plan was approved in March 2021. It sets out an ambitious economic development programme that will assist people, businesses, and places to recover from the Covid-19 pandemic and reposition the local economy to respond to other challenges and opportunities. The percentage of working age unemployed has reduced from 4.6% to 2.7% and is lower than the Scotland figure of 3.8%. Since 2020 there has been limited opportunity for face-to-face engagement with clients. However, the Council continues to support people into employment through a range of initiatives such as the Skills Passport which was launched in December 2021 and assists with funding for training or equipment and has distributed £30,000 to date.

	<ul style="list-style-type: none"> Throughout the pandemic over £85 million was distributed to over 7,000 businesses affected by Covid-19 restrictions and, during 2021/22, 220 businesses started up with support from Business Gateway. The Council teamed up with Crowdfunder to launch the £150,000 Crowdfund Perth and Kinross Business Fund to support individuals, businesses, and communities to establish and grow businesses, projects, and services to make a real difference to the local economy. The Micro Enterprise Fund was launched in May 2021, to support businesses that employ fewer than 10 people, and has since supported a diverse range of businesses and ambitions. Through the "Adapt Your Property Grants" scheme, 8 commercial properties were brought back into use and 5 premises converted to residential use. The Open for Business Fund was fully committed during 2021/22, with 51 retail, hospitality and customer facing business premises receiving support. The Council connected 136 Council buildings to gigabit capable full fibre broadband as part of the £5m Local Full Fibre Network programme, completed in November 2021, and turned on free public Wi-Fi in the main streets in Kinross, Alyth and Pitlochry.
Objective	
Supporting people to lead independent, healthy and active lives	<ul style="list-style-type: none"> The impact of Covid-19 is more significant for the most vulnerable children and families, and the Council's recovery planning and implementation recognises this. The Council will continue to provide additional support for those who will need it into the longer term. The Scottish Government Health and Wellbeing Census was completed successfully across schools, with over 7,500 responses received from P5 to S6 pupils. An analysis of results will inform planning at school and authority level, including the development of a refreshed Health and Wellbeing Strategy Action Plan. The Council continued to provide funding for community groups who worked closely with it during the pandemic in supporting communities and for specific communities themselves, to enable them to be sustainable and self-sufficient. This included the allocation of funding to Pink Saltire, Perthshire Welfare Society, Perth Chinese Community Association and a Gypsy/Traveller community empowerment project. The Council is supporting people from Ukraine to settle into accommodation and schools including undertaking a range of activities such as property and disclosure checks to ensure that appropriate hosting arrangements are in place for everyone who arrives under the sponsorship schemes. To date, the Council has worked with its communities to welcome over 93 people from Ukraine and is aware of a further 267 looking to come to the area once their visas are processed. The average number of days spent in temporary accommodation remains the lowest in Scotland at 51 days against a national average for 2020/21 of 199 days. 227 disabled adaptations were completed during 2021/22 and the Council continues to improve and exceed its performance target in this area. The £90 million PH2O leisure development project outline business case was approved, and capital funding approved in February 2022. For information about the Health and Social Care Partnership, please see the Perth and Kinross Integration Joint Board Annual Accounts 2021/22 (Un-audited). 183 new affordable houses were built, exceeding the target of 150. It is recognised, however, that there is work which can still be done to improve overcrowding for tenants. The 'Share the Square' project engaged over 50 community members reducing social isolation, improved mental health and creating working links with new partners including the Scottish Refugee Council.

Objective	
Creating a safe and sustainable place for future generations	<ul style="list-style-type: none"> • The promotion of the national strategy on Equally Safe which aims to protect women and girls from domestic abuse has introduced training on 'Safe and Together' which is an initial step in achieving the necessary cultural change in the workforce to recognise and respond to domestic abuse. • The Evolve service is being enhanced, specifically aimed at supporting men who are open to Criminal Justice Social Work and subject to Community Payback Orders, and those being released on a Licence from custody. • The Council approved its Climate Change Strategy and Action Plan on 15 December 2021 and, in February 2022, committed to fund the top-priority actions in the plan. A new Perth and Kinross Climate Action website has also been published to provide a one-stop climate change resource hub, as requested by residents. • The Council has increased the amount of municipal waste collected that is recycled or composted from 47.5% in 2020/21 to 50% in 2021/22. • There was a slight reduction in the percentage of properties meeting Energy Efficiency in Scottish Social Housing (EESH) targets from 82.2% to 82.0%. This was due to delays with the internal energy efficient programmes and an inability to refurbish some building elements due to the impact of Covid-19 with material and labour shortages. • Eleven Cycling Walking Safer Routes projects were delivered during 2021/22 and over 70 20mph speed limits were introduced to encourage active travel and contribute towards a safer environment. • The Perth and Kinross Offer Framework was approved in December 2021 and, through the implementation of the 5-year plan, the Council will continue to work with local communities to encourage and enable local decision making. • The Council delivered the largest roads maintenance programme in recent years, with an investment of £14 million of improvements to the network. In 2021/22 it achieved a 3.5% improvement in road condition against a targeted improvement of 0.5% per annum.

7. Financial Performance

Financial performance is part of the Council's performance management culture with regular reporting during 2021/22 to elected members at the Strategic Policy & Resources Committee as well as regular briefings. This section summarises the main elements for 2021/22.

The Expenditure and Funding Analysis brings local authority performance reported on the basis of expenditure measured under proper accounting practices together with statutorily defined charges to the General Fund and Housing Revenue Account. Both the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis include a segmental analysis which requires Councils to report performance on the basis of how they are structured and how they operate, monitor and manage financial performance.

The 2021 Code requires that Councils present the segmental analysis on the basis of the organisational structure under which they operate. Additionally, the Code requires that if a local authority changes the presentation or classification of items in its financial statements, the authority shall reclassify comparative amounts unless reclassification is impracticable. The prior year figures in the Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis and Group Comprehensive Income and Expenditure Statement have been restated to reflect the transfer of the planning and culture functions in 2021/22 from Corporate and Democratic Services to Communities and the property function from Communities to Corporate and Democratic Services.

Although the Expenditure and Funding Analysis reflects the main variances, for operational reporting the Council's Comprehensive Income and Expenditure reflects proper accounting practice. The Comprehensive Income and Expenditure Statement movements are not directly comparable with the movements in the Expenditure and Funding analysis.

a) General Fund Revenue Expenditure for 2021/22

In 2021/22 the Council incurred actual net expenditure on Services of **£418.532 million** (which is the Cost of Services disclosed in the Comprehensive Income and Expenditure Statement on page 24). When Taxation and Non-Specific Grant Income, Financing and Investment Income and Expenditure and Other Operating Income and Expenditure are included there was a net Deficit on the Provision of Services of **£16.625 million**.

The Expenditure and Funding Analysis information on pages 40 and 41 sets out adjustments between the net Deficit on the Provision of Services of **£16.625 million** included in the Comprehensive Income and Expenditure Statement and the net expenditure (surplus) charged to the General Fund & HRA in the table below of **£9.540 million**. The adjustments of **£26.165 million** represent the difference between the net expenditure of the Council that is chargeable to taxation and

rents and the figures reported in the Comprehensive Income and Expenditure Account. The surplus in the Expenditure and Funding Analysis is set out in the way in which the Council organises itself and manages and reports on financial performance.

The following table sets out adjustments to the most recently approved Revenue Budget to ensure that budget and actual figures are comparable. These include the Public Finance Initiative, external income and capital accounting adjustments. On a comparable basis the table shows a net variance (under spend/additional income) of **£13.693 million** which is explained in further detail.

	Updated Budget Per Revenue Monitoring Report No.5 £ '000	Virements £ '000	Capital Accounting Adjustments £ '000	Revised Budget £ '000	Net Expend. Charged to the General Fund & HRA Balances per Expend. & Funding Analysis £ '000	Variance £ '000
SERVICES						
Education & Children's Services	213,777	(16,263)	(12,428)	185,086	175,145	(9,941)
Health & Social Care	69,227	90	0	69,317	69,033	(284)
Communities	71,988	(767)	(3,998)	67,223	61,496	(5,727)
Corporate & Democratic Services	39,098	(4,464)	0	34,634	31,648	(2,986)
Housing Revenue Account	0	(8,107)	(1,459)	(9,566)	(8,107)	1,459
Valuation Joint Board	1,319	0	0	1,319	1,307	(12)
Non Distributed Costs	1,565	0	0	1,565	1,528	(37)
NET COST OF SERVICES	396,974	(29,511)	(17,885)	349,578	332,050	(17,528)
Taxation & Non-Specific Grant	(398,218)	21,258	0	(376,960)	(378,350)	(1,390)
Finance / Investment / Other	10,681	8,253	17,885	36,819	36,760	(59)
Use of General Fund per Comprehensive Income & Expenditure Statement	9,437	0	0	9,437	(9,540)	(18,977)
Contributions from other Reserves	(2,688)	0	0	(2,688)	(4,153)	(1,465)
Use of / (Increase in) General Fund Balances	6,749	0	0	6,749	(13,693)	(20,442)

The contribution to the General Fund of **£13.693 million**, which is made up of additional income and service under spends, is comparable with the revenue monitoring positions that have been presented regularly to the Strategic Policy & Resources Committee throughout the financial year. The Contribution to the General Fund includes significant funding from the Scottish Government relating to revenue grants which will be carried forward in earmarked Reserves. The following section provides a more detailed explanation of the final year end outturns.

Education & Children's Services delivered net under spends / additional income of **£9.9 million**. The main reasons for this are -

- In respect of the **Devolved School Management (DSM)** Scheme there was an under spend (**£1.2 million**) reflecting savings on staff costs (teachers and support staff) (£600,000) and other costs including property (maintenance), supplies & services (educational materials) and transport (£600,000). These resources will be carried forward by schools into 2022/23.
- In 2021/22 schools were awarded **Pupil Equity Funding** direct from the Scottish Government to contribute towards raising attainment (£2.0 million). Expenditure from this Fund is incurred by academic year rather than financial year. On that basis the under spend (**£1 million**) has been earmarked within Reserves to be utilised by schools in 2022/23.
- In terms of non-DSM budgets there were further budget variances / additional income as follows:
 - There was an under spend on **staff** related budgets across the whole Service of **£3.1million**. The main reason for this was that the actual 2021/22 pay award was less than the amount budgeted. In addition, there are ongoing recruitment issues in certain professions.
 - There was a net under spend on **property** related budgets of **£400,000** due to a non-domestic rates refund (£300,000), rentals and Investment in Learning deductions (£100,000).

- Across **supplies and services** there was a net under spend of **£800,000** due primarily to savings on indirect school expenditure (£500,000). Further under spends (£300,000) were delivered from across the Service including criminal justice and hybrid working.
- On **home to school transport** and **third party payments** there were net under spends of **£300,000** and **£200,000** respectively.
- There was a net over spend on **Residential Schools / Foster Care and Kinship Care** of **£600,000** based on activity for this specialist type of service provision.
- In addition, significant grant funding to support education recovery was also received in 2021/22 (**£3.5 million**).

Health and Social Care delivered an under spend of **£300,000** from within the non-delegated areas of social care in 2021/22. The Perth and Kinross Integration Joint Board 2021/22 Unaudited Annual Accounts are available separately.

Communities delivered a net under spend / additional income of **£5.7 million**, which is made up variances across the Services as follows:

- Within **Planning & Development** there was an under spend / additional income of **£2 million**. The main reasons for this variance were additional income (£500,000), staff slippage (£400,000) and a rephasing of expenditure to match activity (£1.1 million).
- **Housing** delivered an under spend / additional income of **£600,000** due, primarily, to additional staff slippage and a rephasing of expenditure on care and repair schemes.
- In **Roads** there was an under spend of **£500,000** due to additional staff slippage, reduced energy costs and additional income partially offset by an over spend on winter maintenance.
- Across the remainder of the Service, there was a further net under spend of **£300,000**.
- In addition, significant grant funding was also received across the Service in 2021/22 (**£2.3 million**).

Corporate & Democratic Services delivered net under spends / additional income of **£2.9 million** as follows:

- Net additional **income** of **£800,000** was generated from licensing, recharges and grants.
- **Property** costs were over spent by **£300,000** (net) which included additional maintenance expenditure partially offset by savings on energy and facilities management.
- There was a net underspend on **staff** costs of **£400,000** due to slippage in excess of budget.
- In addition, significant grant funding was also received across the Service in 2021/22 (**£2 million**).

In addition, **Taxation and Non-Specific Grant** achieved additional income of **£1.4 million**, primarily due to Council Tax collection levels that exceeded the budgeted amount.

General Fund and Housing Revenue Account Balances increased by £13.693 million to **£89.182 million** in line with the budget adjustments approved throughout the year by the Strategic Policy & Resources Committee and following the application of final outturns. When the Housing Revenue Account Balance of **£3.282 million** and the earmarked Reserves of **£69.322 million** that are set out on page 43 are excluded this leaves an uncommitted General Fund Balance of **£16.578 million** or **3.8%** of the net 2022/23 Revenue Budget.

b) Composite Capital Budget and Housing Revenue Account Investment Programme 2021/22

A summary of the Council's capital expenditure in 2021/22 is reflected within Note 35 to the Core Financial Statements on page 67. Total gross capital expenditure was **£90.841 million**, comprising **£15.364 million** on the Council's Housing Revenue Account (HRA) and **£75.477 million** on the Council's Composite (General Fund) Programme. The Covid-19 pandemic and lock down measures in the previous year has had a knock-on effect on many projects in 2021/22 which were again impacted, particularly construction works. The Council's gross expenditure includes:

- £13.724 million on various school upgrade projects, including the Early Learning & Childcare programme, the development of the replacement of Perth High School, North Muirton/Balhousie Primary Schools into the new Riverside Primary School and technology upgrades.
- £29.780 million on roads & transport projects, including structural maintenance, road safety measures, bridges and the further development of the Perth Transport Futures project.
- £10.547 million on cultural attractions (Perth City Hall) and community projects (Letham Wellbeing Hub).
- £21.426 million on other works, including flood protection measures (£858,000); placemaking projects (£353,000); planning schemes (£3.623 million); and property & infrastructure upgrades (£4.911 million). The balance of £11.681 million relates to expenditure on various waste initiatives, greenspace, property, equipment, vehicles and IT-related works.
- £15.364 million on the HRA including affordable housing new builds & buy backs (£8.747 million), central heating and rewiring (£1.216 million), external fabric (£1.326 million) and fire precaution measures (£1.659 million).

Capital expenditure is funded by borrowing, asset sales, grants, other capital receipts, and Revenue Budget contributions. The Capital Financing Requirement (CFR, i.e. the underlying requirement to borrow for capital purposes) as at 31 March 2022 was **£618.39 million**. Actual capital debt was **£738.391 million**, comprising long-term borrowing (£611.2 million) and a Public Private Partnership (PPP) liability (£127.191 million). The ratio of borrowing to the CFR for 2021/22 has increased to **119.4%** (2020/21 111.6%). During the year the CFR increased by **£21.471 million**, reflecting the capital expenditure above, less capital receipts, grants and contributions and principal loan repayments, whilst the ratio to borrowing increased as a consequence of new borrowing being undertaken in the year.

c) General Fund Reserves

As at 31 March 2022 the Council had uncommitted General Fund balances of **£16.578 million** which represented **3.8%** of the Council's 2022/23 Revenue Budget approved in April 2022. Council policy, as set out in the Reserves Strategy approved by Council on 23 February 2022, is to retain uncommitted reserves of between 2% and 4% of net revenue expenditure over the medium term. The Council's Reserves Strategy will continue to be reviewed and updates will be considered by the Finance & Resources Committee and the Council as part of the revenue monitoring cycle. Full details of the Council's General Fund Reserves are shown on page 23 and page 64 of the Financial Statements, along with information on future commitments.

The Reserves position is summarised as follows:

	£'000		£'000
General Fund	(85,900)	Revaluation Reserve	(332,433)
Housing Revenue Account	(3,282)	Capital Adjustments Account	(372,978)
Capital Fund	(24,817)	Financial Instruments Adjustment Account	17,650
Insurance Fund	(1,366)	Pensions Reserve	55,995
Capital Statutory Funds	(2,556)	Employee Statutory Adjustment Account	8,003
Capital Grants Unapplied	(87)		
TOTAL USABLE RESERVES	(118,008)	TOTAL UNUSABLE RESERVES	(623,763)
		TOTAL RESERVES	(741,771)

The Balance Sheet

The Balance Sheet on page 25 summarises the Council's assets and liabilities as at 31 March 2022 and explanatory notes are provided from page 28. Total net assets have increased by £90.664 million to **£741.771 million**. Long Term Assets increased by £10.002 million, current assets increased by £63.593 million, current liabilities reduced by £44.656 million and long-term liabilities increased by £27.587 million. The major changes in the Council's Balance Sheet between 31 March 2021 and 31 March 2022 are explained in more detail in the following paragraphs.

Long Term Assets

The value of Property, Plant and Equipment increased by **£53.041 million** primarily due to the continuation of the major capital investment being undertaken by the Council described above. Long term investments were nil at the year-end (2020/21 £45.115 million) due to investments in 2021/22 being fixed over shorter terms in order to capitalise on increasing interest rates as and when they materialise.

Current Assets

The level of Short-Term Investments increased by **£47.724 million** with an increase of £11.216 million in the level of Cash or Cash Equivalents. This was as a result of new long-term borrowing undertaken in the year, with a large proportion of cash being kept in Short Term Investments to maximise future returns as noted above and according to liquidity requirements. Short term debtors increased during the year by **£4.453 million** due to an increase in the receivables from the Scottish Government, Other Local Authorities, NHS Bodies and Council Tax Entities; this being slightly offset by a reduction in receivables from Central Government.

Current Liabilities

Short Term Borrowing reduced by **£52.992 million** as a result of a higher level of liquidity being maintained to meet short term cashflow requirements rather than undertake further borrowing over the year end period at less than favourable interest rates. Short Term Creditors increased by **£4.704 million** primarily due to higher amounts payable to Central Government, Other Local Authorities, Other Entities and Trade Creditors; this is slightly offset by a reduction in the amount payable to the Scottish Government.

Long Term Liabilities

Other Long-Term Liabilities reduced by **£55.207 million** primarily due to a reduction in the net pension liability of £49.339 million and a reduction in the liability for public private partnerships of £4.997 million in line with the remaining contract. Also within Long Term Liabilities is a net increase in Long Term Borrowing of **£81.984 million** undertaken at interest rates more favourable than expected in the near future.

The Council's annual Treasury Management Strategy outlines the Council's policy in relation to borrowing and investment. This is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board and market loans. Further details are provided at Note 39.

Pensions Reserve

International Accounting Standard 19 Revised (IAS19R) requires the disclosure of the Council's share of Tayside Pension Fund's assets and liabilities, both current and future. The information disclosed in the accounts is provided to the Council by the Pension Fund's actuaries following the tri-annual valuation of the Fund. The position at 31 March 2022 indicates a net liability of **£55.995 million** compared to a net pension liability of £105.334 million on 31 March 2021 due to changes in the assumptions. This liability is based on a snapshot valuation at 31 March 2022 and is a result of prevailing market conditions at that date. Triennial valuations of the Fund are carried out with the last valuation having taken place at 31 March 2020. Employer's contributions are currently 17% of pensionable pay. For more information see Note 18.

Provisions, Contingencies and Write Offs

The Council made provision for a number of eventualities which may have an effect on the financial position of the Council. The reasons for the provisions are outlined in Note 30 on page 63.

There were a number of write-offs of debt and stock during the year which were approved by the Finance and Resources Committee on 15 June 2022 – Authority to Write Off Debts and Obsolete Stock.

d) Accounting Ratios

The following financial indicators have been developed to provide an indication of the sustainability and affordability of the Council's financial plans.

FINANCIAL INDICATOR	2021/22	2020/21	PURPOSE
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure	3.8%	2.0%	Reflects the level of funding available to manage financial risk / unplanned expenditure.
Movement in the Uncommitted General Fund Balance	£8.378m	(£4.721m)	Reflects the extent to which the Council has increased its Uncommitted General Fund Reserve including unspent covid grant funding.
Council Tax – In Year Collection Rate	97.7%	96.6%	Demonstrates the Council's effectiveness in collecting council tax debt.
Ratio of Council Tax Income to Overall Level of Funding	21.0%	22.0%	This reflects the Council's capacity to vary expenditure by raising Council Tax Income.
Capital Financing Requirement	£618.39m	£596.919m	Measurement of requirement to borrow for capital purposes.
External Debt Levels	£738.391m	£665.913m	Actual borrowing for capital investment purposes.
Capital Financing Requirement Ratio	119.4%	111.6%	Measurement of prudence in relation to borrowing levels – borrowing only to invest in capital.
Ratio of Financing Costs to Net Revenue Stream	5.6%	6.2%	Measurement of the Council's ability to fund borrowing costs.

e) Financial Statements

The primary financial statements presented within the Annual Accounts are as follows:

- The **Movement in Reserves Statement** reports movements 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 **Comprehensive Income and Expenditure Statement** reports the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- The **Balance Sheet** brings together all the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at

a particular point in time and represents a snapshot of its financial affairs at the close of the year expressed in accounting terms.

- The Cash Flow Statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties on both day to day revenue transactions and capital activities. Cash is defined for the purpose of this statement as cash in hand and deposits repayable on demand less overdrafts repayable on demand. 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 change in value.

The Code also requires the following to be included within the Annual Accounts:

- The **Statement of Responsibilities for the Annual Accounts** explains the responsibilities of the Council and of the Head of Finance as they relate to the Annual Accounts.
- The **Notes to the Financial Statements** provide further information on the above financial statements.
- The Notes include an **Expenditure and Funding Analysis** which compares the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Account. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which the Council organises itself and manages financial performance.
- The **Annual Governance Statement** explains how the Council has complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) standard for good corporate governance and meets the requirements of relevant legislation and current good practice.
- The **Remuneration Report** provides details of the Council's remuneration of its senior councillors and senior officers with regard to salary, taxable expenses and pension benefits and states how remuneration arrangements are managed. The report also provides information on exit packages agreed by the Council during the financial year.

Supplementary Financial Statements

The supplementary financial statements are as follows:

- The **Housing Revenue Account** shows the major elements of housing revenue account expenditure and how these are funded by rents and other income.
- The **Council Tax Income Account** reports the gross and net income from Council Tax, together with details of the number of properties on which Council Tax is levied, and the charge per property.
- The **Non-Domestic Rates Income Account** shows the gross and net income from non-domestic rates and details the amount payable to the national non domestic pool and resulting net income for the financial year to the Council that is shown in the Comprehensive Income and Expenditure Statement.
- The **Charitable Trusts** statement includes the summary Income and Expenditure Account and Balance Sheet of those Charitable Trusts and Endowments administered by the Council.
- The **Common Good** statement includes the summary Income and Expenditure Account and Balance Sheet for the Common Good Funds administered by the Council.
- The **Group Accounts** incorporate the share of the Council's Managed Funds, Subsidiaries and Associates into the Group Movement in Reserves Statement, Group Comprehensive Income and Expenditure Statement, Group Balance Sheet, Group Cash Flow Statement and include the Reconciliation of the Single Entity (Council) Surplus or Deficit for the year to the Group Surplus or Deficit.

8. Financial Outlook, Risks and Plans for the Future

The local government landscape has never been more complex or challenging. As we try to recover from the global health pandemic, we are also experiencing increased levels of poverty across our communities, rapid growth in our elderly population and the impact of poor mental health and wellbeing. Added to that we have an ambitious policy agenda to regenerate our economy, reduce the impact of climate change, raise educational attainment, and to increase and optimise the use of digital technology; all of which will come with a significant cost attached.

At the same time, the Council is experiencing unprecedented financial and other resource pressures because of real terms reductions in funding, significant cost increases due to inflation and an increasing demand for services.

This has created a "funding gap" or structural deficit in our Revenue Budget which needs to be addressed as a matter of urgency, given our legal requirement to set a balanced budget each year, whilst maintaining sufficient Reserves to deal with any unexpected events.

Through the Perth and Kinross Offer ("the Offer") and our Transformation and Change Strategy, we must rethink how both our front line and internal services are designed and delivered so that we can better meet the needs of our communities, now and in the future, within the resources that are available to us. Our Financial Strategy will be key in supporting that outcome.

The Financial Strategy is the link between the Council's long term strategic objectives and its financial capacity. Our strategic objectives are set out in the Council's Corporate Plan. These objectives are determined by elected members and will reflect political priorities, legal requirements, national policy and reflect the particular needs of our communities in terms of both our people and place. Priorities and key objectives may therefore change over time.

The aim of the Financial Strategy is therefore, to build financial resilience and ensure that we have an affordable and sustainable Medium Term Financial Plan and Revenue Budget, which directs our resources to where they are most needed, in line with our agreed priorities and strategic objectives at any given time.

At present, the Council's recurring Revenue expenditure is, in part, funded from Reserves. The application of non-recurring resources to meet ongoing expenditure is not sustainable and is referred to as a structural (recurring) deficit which requires to be addressed.

The Financial Strategy is predicated on the Council taking corrective action to manage its expenditure and income to return to a position of long-term financial sustainability.

Financial sustainability will be achieved and maintained through prudent financial management, targeted investment and dis-investment, increasing income, reducing costs and developing more efficient and effective ways of working.

A set of principles have been developed which will assist the Council in bringing forward a Medium-Term Financial Plan and Revenue Budget that is sustainable over the longer term.

Meaningful communication and engagement will be key to the successful implementation of this Strategy. The Perth & Kinross Offer represents the Council's commitment to engage with our communities and partners in shaping service delivery and addressing need at a local level. This engagement with our communities will be central in framing how best to allocate the limited resources available in a period of increasing financial challenge.

Maintaining effective dialogue with our staff, communities, public, private and third sector partners will help strengthen the understanding of what the Council may or may not be able to continue to deliver and allow us to draw on local knowledge and experience in shaping future service delivery.

In line with the Council's agreed strategic priorities and objectives, we will, as far as possible:

- direct resources to where they are most needed;
- protect the most vulnerable in our community;
- prioritise the delivery of services which we must provide by law;
- deliver services in the most efficient, and cost-effective manner;
- prioritise upfront investment in prevention and early intervention;
- prioritise transformation investment on cost mitigation activities;
- not fund recurring activity from General Fund Reserves;
- contain spending within approved budgets;
- minimise unnecessary expenditure and maximise income;
- take a planned and sustainable approach to Capital investment;
- reflect the full cost of Capital investment in future budgets;
- over plan for the delivery of savings.

The need for transformation and change is not unique to Perth and Kinross. All public and private sector services and organisations are facing significant challenges and rethinking how they will operate in the future to address these challenges and meet new and emerging demands. In its Covid-19 Recovery Strategy - for a fairer future, the Scottish Government sets out its vision for recovery and the actions it will take to address systemic inequalities made worse by Covid-19, make progress towards a wellbeing economy, and accelerate inclusive person-centred public services. The Scottish Government's strategy highlights the need to re-build public services and sets out how it will work differently with partners to deliver change.

As well as the financial challenges that the Council faces in delivering a lawful, balanced budget, there are several other reasons why change is necessary:

- new and emerging priorities, including social, economic, health & wellbeing and climate change;
- a growing, ageing population and increasing demand for services;
- delivery of the Perth and Kinross Offer will require a new way of working with communities and a rethink of how the Council is organised to deliver.

The Transformation & Change Strategy, which was approved by Council on 22 June 2022, is a 5-year strategy that sets out our next phase of transformation and sits within the Council's wider strategic framework and acts as an enabler to deliver on our corporate objectives.

- The revised **Corporate Plan 2022/23 - 2027/28** will set our vision and corporate objectives, aligned with our values, and will be designed to address, or mitigate, the impact of the many challenges our organisation and our communities are facing. These objectives will be underpinned by themes including the cost of living crisis including poverty/child poverty, economic wellbeing, climate change, affordable/rural housing and the Perth and Kinross Offer.
- The **Financial Strategy** details the financial challenges we face, the extent of the structural deficit and measures we must take now and over the next 5 years to identify savings, reduce our budgets and support the Council to become financially sustainable.
- The **Local Outcomes Improvement Plan** will detail new priorities and the actions that the Community Planning Partnership will take in the coming years to focus on inequalities which are stubborn and require new collaborative approaches.
- The **Perth and Kinross Offer Framework** details the actions that we will take over the next 5 years to deliver and embed the Perth and Kinross Offer and the programme of cultural change that will transform how we work with colleagues, communities and our partners.

The Transformation and Change Strategy sets out our commitment to develop an organisation for the future which:

- places people at the heart of all that we do and working in partnership with, and within, our communities is embedded as a way of working across the organisation;
- has a value led culture with ambition, compassion, and integrity at its core;
- is effectively organised to deliver to meet current and emerging challenges;
- delivers a balanced budget and has long term financial sustainability;
- fully utilises technology and data to enable access to services and to understand and reduce demand;
- is a more agile organisation with a well-trained, flexible, and empowered workforce committed to serving communities and individuals.

Aligned with our corporate objectives and priorities the programme will be categorised into three key themes:

- **People and Place** – we will change and transform how we work with people, both inside and out with our organisation.
- **Partners** – change and transform our engagement and work with partners and local businesses to strengthen our ability to meet priorities.
- **Perth & Kinross Council (our organisation)** – Change the shape of the organisation to transform and meet our ambitions, increase our flexibility with our people, finances and assets.

Due to the size and complexity of the organisation and the nature of challenges we face, the Transformation and Change programme will require a range of approaches as detailed below. No two projects will be the same and for larger scale projects of a more complex nature, it is likely that many of the approaches will be adopted to deliver the required outcomes.

- **Transforming our customer's experience** – the things we do that will be different for those who receive our services. Focus on the Offer and communities at the heart of shaping, delivering, managing services and operating and owning assets.
- **Transforming the shape and structure of our organisation** – restructure/consolidation but also look at the merits of other models of insourcing, outsourcing, sharing services and commercialisation.
- **Transforming our systems and processes** – led by services and teams, these changes will deliver better outcomes for people in our communities through improvements in efficiency and productivity. These improvements will be made possible by streamlining processes and greater use of digital solutions.
- **Transforming our spending and response to demand** – this is the budget cuts, reviewing demand across the organisation, focusing on need and re-allocating resources.

Capital

The Council approved a revised 6-year Composite Capital Budget for 2022/23 – 2027/28 on 23 February 2022. The Housing & Communities Committee approved the Housing Revenue Account (HRA) Capital Budget for 2022/23 - 2026/27 on 24 January 2022. Both these Capital plans were subsequently updated by the Strategic Policy & Resources Committee on 20 April 2022.

The Council's Composite Capital Budget includes major transport infrastructure improvements, including the Perth Transport Futures project to create a third crossing over the River Tay. Significant investment in improvements to existing infrastructure is also included within the Capital Budget, particularly within annual rolling programmes and road network improvements. Also included is the replacement of Perth Leisure Pool and replacements of the existing Perth High School and North Muirton and Balhousie Primary Schools. There are also various school refurbishments under the Early Learning & Childcare programme. There is significant investment included in relation to new technologies such as a replacement for the existing SWIFT Social Work database and investment in the Microsoft Estate, as well as the upgrading and replacement of School Audio Visual equipment and other technology upgrades. Other expenditure is planned in relation to various flood protection schemes, the development of Perth City Centre cultural attractions, economic development and planning initiatives, parks and public spaces improvements, waste reduction & recycling and property improvements.

The HRA Investment Programme 2022/23 to 2026/27 continues to focus upon increasing the affordable housing stock with the provision of new affordable housing and Council house buy-backs, as well as the enhancement of the existing housing stock, including energy efficiency and external fabric maintenance.

The Capital Financing Requirement is estimated to peak at £1.160 billion in 2027/28 under current approved plans. The annual cost of servicing the borrowing and Public Private Partnership liabilities is being managed through the Capital Fund Strategy within the Medium-Term Financial Plan. This ensures the Council's plan remains affordable, prudent and sustainable.

Risk Management

Effective risk management is an essential element of good governance and integral to the Council's ability to deliver positive outcomes for its communities.

The Council undertook a wholesale review of its approach to risk and developed and approved a new risk Management Framework in 2017. Since then it has been reviewed and further refined to ensure that it remains fit for purpose and reflects the complex risk landscape of local government in these changing and challenging times.

The risk management framework has been developed based on best practice industry standards including the International Standard in Risk Management – ISO: 31000 and the Office of Governance & Commerce (OGC) Management of Risk Guidance (MoR) and guidance from the Association of Local Authority Risk Managers, (ALARM) and comprises:

- Risk Management Policy – statement of the Council's commitment to effective risk management;
- Risk Management Strategy – articulates our overall approach to risk and provides a detailed risk hierarchy;
- Risk Management Appetite Statement – describes the levels of risk the Council is prepared to tolerate in pursuit of our objectives; and
- Risk Management Process Guide – provides a toolkit of techniques and processes to ensure that risk is managed effectively and that our approach to risk management is consistent across the organisation.

Within the Council there is a cross Service cohort of trained risk practitioners who provide technical guidance and support to ensure that a consistent approach to risk management is taken across the whole organisation. Extensive work has been further undertaken throughout 2021/22 to embed the risk management framework to ensure that risk management activities are integrated with key business process and aligned to the delivery of the Council's objectives and defined outcomes. Strategic and operational risks are regularly monitored and reported in accordance with the principles of the framework.

The framework has also been implemented effectively to manage the Council's response to the Covid-19 pandemic.

Workforce Management

The Council values its employees, their skills, dedication and passion to ensure it delivers essential services to the people, businesses and communities of Perth and Kinross. Our people continue to be our most important asset and remain at the heart of everything we do. The Corporate Workforce Plan (2021-2023), together with the Medium-Term Financial Plan, Organisational Development Plan, Digital Strategy and Health and Wellbeing Plan set the direction for our internal recovery from the pandemic and highlight how our workforce needs to develop, within available resources, to ensure our people are prepared and resilient to deliver our future goals and aspirations.

The Council's purpose, values, culture and ethos to transform services and deliver efficiencies to prepare for the future are pivotal. Investment in building the capability and capacity in the workforce through learning and development opportunities, boosting productivity, encouraging innovation and creativity, embracing agility, digital technology and promoting wellbeing and resilience continue to be key to our future plans. These commitments will enable it to match its ambition for transforming services, growing the economy, reducing inequalities, protecting vulnerable people and supporting young people to be all they can be.

Financial pressures, changing priorities and demand for Council services continue to inform the Council with a focus on multi-disciplinary teams, integrated working and more locality-based decision-making. The Council in recognition of the inter-connectedness of workforce, digital and use of property are taking a proactive approach in working with communities, its partners and other stakeholders to deliver and prepare for new influences to ensure our workforce supports the delivery of the Perth and Kinross Offer. Some of the enabling project underway is to work smarter, being more flexible about when we work, where we work and how we use space and technology to find new and more effective ways of doing things.

The Council's workforce management strategy gives a strong basis for developing the workforce of the future helping us create the conditions to meet the future workforce, financial and demographic challenges and requirements of the organisation. Adopting a more effective and consistent approach to workforce management, leadership development and talent management will enable us to provide versatile people solutions to support the future strategic direction of the organisation. We continue to invest in training and development opportunities for young people via Apprenticeship and Graduate Programmes. A focus on health and wellbeing and resilience are key to sustaining a healthy working environment and positive wellbeing culture and we continue to offer a wide range of health and wellbeing initiatives and support to our workforce. The Council is proud to be a Fair Work employer and continues to consult and engage with employees and their trade union representatives on improvements in our employment practices and arrangements. Equalities and fairness will continue to be core principles in its workforce strategy. This will ensure we have the right skills in the right place when we need them and will contribute to building an even better Perth and Kinross working together to ensure everyone can live life well.

9. Supplementary Information

(a) Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom requires the Council to produce group financial statements where it has an interest in entities that meet the definition of subsidiary, associate or joint venture. The Group results are presented alongside the results for the Council in the Annual Accounts. Further details of the associated entities that have been incorporated into the financial statements can be found on page 92.

The Council has an interest in six organisations (detailed on page 92) that do not form part of the main Accounts. The Council includes the results of these organisations in its Group Accounts due to the significant influence it has over their financial and operating practices. The Council also includes Charitable Trusts administered and controlled by the Council and Common Good Funds as managed funds within the Group Accounts.

In accordance with the Code, the 2021/22 Group Accounts Statements are included on pages 87 to 91. The basis for consolidation is set out in the Notes to the Group Accounts Statements on pages 92 to 94. The effect of consolidation is to increase the Council's net assets by **£35.86 million** resulting in a Group Balance Sheet showing net assets of **£777.631 million** at 31 March 2022 as set out on page 89. This position reflects the Council's share of the pension liabilities of the Associate included within the Group Balance Sheet.

(b) Common Good and Charitable Trust Funds

Common Good Funds are administered by the local authority for the general benefit of the relevant communities. Overall, the Common Good Funds recorded an in-year surplus of **£157,000** which, when applied to the surplus brought forward, results in an accumulated revenue surplus as at 31 March 2022 of **£2.109 million**.

Details of income and expenditure accounts and balance sheets can be found on pages 85 and 86 of the Annual Accounts. These funds are subject to similar accounting policies and procedures to those that are applied to the Council's main accounts. The main source of income to Common Good Funds is rent.

The Council also administers several Charitable Trust Funds. Details of income and expenditure accounts and balance sheets can be found on page 84 of these Annual Accounts. Overall, the Trust Funds recorded an in-year surplus of **£668,000** which, when applied to the surplus brought forward, results in an accumulated surplus as at 31 March 2022 of **£3.610 million**.

Perth & Kinross Council's Trust Funds, for which the Council is the sole trustee, also have to prepare their own Trustees' Annual Report and this is separately available on the Council website.

(c) Public Private Partnerships / Design Build Finance Maintain

In September 2000 the Council entered into a 25-year PPP contract for the construction, maintenance and operation of office accommodation and a car park. In 2021/22 the Council paid **£2.817 million** to the contractor under the terms of the contract.

Between 2009 and 2012 six school campuses were also brought into operation at Blairgowrie, Glenearn, Loch Leven, Strathearn, North Inch and Breadalbane. The contractor's obligation was to construct the schools and is to maintain them to a pre agreed standard. In 2021/22 the Council paid **£17.684 million** to the contractor under the terms of the contract. In addition, in 2021/22, the Council paid **£3.057 million** in relation to Bertha Park High School.

10. Conclusion

The Council has continued to demonstrate sound financial management in 2021/22 by delivering services and responding to Covid-19 with the resources which are available to it. The pressures being experienced by Services in relation to demand are known and plans are in place to mitigate them. They have also been reflected in the medium and long term financial plans.

The Council will face many challenges in the future from the combined effect of reduced resources; increasing demands and expectations for our services. It is confident that by working more creatively with all its residents and partners, it will not only embrace these challenges but will maintain its performance and service delivery.

11. Acknowledgements

As in previous years, we would like to acknowledge the significant work of the finance teams in producing the Annual Accounts and thank colleagues across the Council for their continuing support.



Thomas Glen
Chief Executive
Perth & Kinross Council
27 October 2022



Councillor Grant Laing
Leader of the Council
Perth & Kinross Council
27 October 2022



Stewart MacKenzie
Head of Finance
Perth & Kinross Council
27 October 2022

ANNUAL GOVERNANCE STATEMENT 2021/22

1 Introduction

- 1.1 2021/22 continued to be extremely challenging for the Council as it sought to maintain effective service provision whilst still undertaking new tasks in response to the ongoing global Covid-19 pandemic. The continued requirement for many officers and elected members to work remotely from home brought with it both risks and opportunities in terms of governance. Systems, processes, tools and technology were deployed differently and innovatively; ensuring that democratic decision-making continued in an open and transparent manner and that an appropriate level of service provision was maintained as we worked with our partners and our communities to manage the public health crisis.
- 1.2 As a public body, the Council must always act in the public interest. We must behave with integrity, conduct our business in an open and transparent manner, demonstrate a strong commitment to ethical values and comply with the law. We must use public money economically, efficiently, and effectively to provide sustainable services which make life better for the people of Perth and Kinross. A comprehensive and robust governance framework is integral to the success of Perth & Kinross Council's ability to discharge these responsibilities.
- 1.3 The purpose of the Annual Governance Statement is to give assurance to the people of Perth and Kinross, our elected members, staff, partner agencies and other stakeholders that our governance arrangements are adequate and effective and that our system of internal control is robust.

2 Scope of Responsibility

- 2.1 As well as providing assurance as to the effectiveness of the governance arrangements in place for the Council, this Annual Governance Statement also covers the six organisations that are included in the Council's Group Accounts.
- Live Active Leisure Limited (subsidiary)
 - Horsecross Arts Limited (subsidiary)
 - Culture Perth & Kinross Limited (subsidiary)
 - Tayside Valuation Joint Board (associate)
 - Tayside Contracts (associate)
 - Perth & Kinross Integration Joint Board (joint venture)

3 Our Governance Framework

- 3.1 Our governance framework comprises our culture, values, rules, resources, systems, tools and processes which we have in place to help us achieve our strategic objectives. We recognise that the following are fundamental elements of good governance within public sector organisations: -
- Leadership, Culture & Values
 - Vision, Direction & Purpose
 - Stakeholder Engagement
 - Organisational Development
 - Effective Decision Making
 - Internal Controls
 - Scrutiny & Accountability
- 3.2 These fundamental elements of our governance framework reflect and seek to embed the principles of good governance within the 2016 CIPFA Framework for Delivering Good Governance in Local Government, namely:
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;
 - Defining outcomes in terms of sustainable economic, social and environmental benefits;
 - Ensuring openness and comprehensive stakeholder engagement;
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it;
 - Determining the interventions necessary to optimise the achievement of the intended outcomes ;
 - 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.
- 3.3 A crucial part of the framework is the system of internal control which is designed to manage and mitigate risk in relation to the achievement of our intended outcomes.
- 3.4 The Council manages risk through a continuous process of identification, assessment, evaluation, prioritisation, and mitigation. We evaluate risk based on likelihood and impact in both financial and non-financial terms. We do however need to mitigate and manage risk proportionately; recognising that risk can never be eliminated completely and that only reasonable assurance can ever be given.

4 Our governance arrangements

- 4.1 Our culture and values are reflected in our behaviour and our decision-making. Our policies, processes and procedures including Elected Member and Employee Codes of Conduct, Whistleblowing and Anti-fraud and Corruption policies, Elected Member Register of Interests, Gifts & Hospitality Policy ensure that as a Council, we respect the rule of law, behave with integrity, promote a culture of good governance and demonstrate a strong commitment to ethical values.
- 4.2 There are appropriate and effective arrangements in place for the discharge of the following statutory functions:
- Head of Paid Service
 - Monitoring Officer
 - Chief Finance Officer
 - Chief Social Work Officer
 - Data Protection Officer
- 4.3 Leadership within the organisation is effective with good communication between elected members and senior management through leaders meetings, conveners meetings, Member Officer Working Groups and all-member briefings where appropriate. There are also regular pre-agenda discussions in respect of each scheduled Council and Committee meeting.
- 4.4 Our Local Outcomes Improvement Plan and Corporate Plan set out our vision and purpose and the approved Revenue and Capital budgets prioritise how our financial resources are to be deployed. Key strategic documents such as the Perth & Kinross Offer Framework, Capital Investment Blueprint, Housing Investment Programme, Economic Wellbeing Plan and Climate Change Strategy provide the necessary direction to the organisation to enable it to deliver on its vision and achieve its purpose.
- 4.5 We recognise the importance of good stakeholder engagement and will continue to engage and work in partnership with our communities, partners and other stakeholders to ensure that we design and deliver the public services that our communities need and value. The Council has a strategy for engaging with communities and has agreed a Statement of Intent with its Community Planning Partners to support a co-ordinated approach to community engagement. Our approach to consultations is based on the National Standards for Community Engagement and we have established a wide range of consultation processes and procedures. The Community Empowerment (S) Act 2015 provides a framework for improving the quality of engagement and participation which will be reflected in the Local Outcome Improvement Plan.
- 4.6 We are operating in an increasingly complex and financially challenging public sector landscape and must be able to adapt and evolve our services and workforce to continue delivering cost-efficient, high-quality services. Our people remain our most valuable asset and as an organisation we will secure the best outcomes for our communities by investing in the development of our workforce and of our leaders to ensure that they have the right skills and have sufficient capacity to deliver. Our approach is outlined in our Corporate Workforce Plan – Resourcing PKC, Everyone Has Something To Offer and our “Learn, Innovate, Grow” philosophy is embedded across the organisation to create a highly motivated, skilled and agile workforce. There is a programme of leadership development in place for our managers and an extensive programme of induction and continuous development for elected members.
- 4.7 The Council's Scheme of Administration sets out the Council's decision-making structure setting our roles, remits and responsibilities to ensure transparency and accountability.
- 4.8 We have a robust suite of policies, procedures and management processes to ensure that there are appropriate internal controls in place in respect of: -
- Workforce planning & management
 - Financial planning & management
 - Risk & Performance Management
 - Change management
 - Procurement
 - Major Investment Project Management
 - Health & Safety
 - Information Management & Security
 - Civil Contingencies & Business Continuity
 - Anti-Fraud & Corruption
 - Conflicts of interests
 - Gifts & Hospitality
 - Whistleblowing and reporting concerns
 - Complaints handling
 - Officer and elected member conduct

- 4.9 As a public body we must be open, transparent and accountable for our decisions, actions and performance. Our management and democratic structures and processes are designed to facilitate effective decision making and the proper scrutiny of those decisions and their impact in terms of performance and the achievement of our intended outcomes.
- 4.10 The Council set a budget for the year 2022/23 in February 2022. Each budget is allocated to a named budget holder. Budgets are monitored regularly by Service Management Teams and overall financial performance is monitored regularly by the Executive Leadership Team. Council through previously, the Strategic Policy & Resources Committee and now Finance and Resources Committee receives regular financial monitoring information as part of the budgetary control framework and provides the required political scrutiny of our financial management and performance.
- 4.11 Capital spend is monitored by the Executive Leadership Team through the Transformation Board reported regularly to the Strategic Policy & Resources Committee (now Finance & Resources Committee) as part of the budgetary control framework. The Capital Programme Office monitors project milestones.
- 4.12 The service planning process ensures that Services meet the needs of customers, and that targets for quality improvements are set and monitored. Individual Business Management & Improvement Plans set out detailed actions and outcomes for each Service and include performance indicators. Service performance is reported regularly to the Executive Leadership Team and publicly through the Council's themed committees and the Scrutiny committee. Financial performance is publicly reported through the Strategic Policy & Resources Committee (now Finance & Resources Committee) and relevant service committees.
- 4.13 The Council publishes an Annual Performance Report on its performance against the objectives set out within the Corporate Plan and Local Outcome Improvement Plan.
- 4.14 The Council has a published process for dealing with the following and annually reports on performance in this respect of these areas: -
- complaints from members of the public;
 - requests for access information under the Freedom of Information legislation;
 - access information under the Data Protection legislation.

5 Covid-19 Pandemic Governance Arrangements

- 5.1 In light of the Covid-19 pandemic, the Council implemented effective and appropriate civil contingencies arrangements. These have ensured: -
- an effective operational command structure to deliver essential services and key activities to protect the health and wellbeing of our communities during this time;
 - adequate and effective risk management at both a strategic and operational level of existing, new and emerging risks.
- 5.2 Planning has continued for recovery and renewal in line with the published Scottish Government framework and a key part of that will be ensuring appropriate governance arrangements are in place. These have been flexible to respond to the changing environment during the year to ensure a proportionate response to the impact of the pandemic on our communities and our workforce.

6 Governance Assurance Process

- 6.1 The Council utilises a robust process of gathering assurance information from Service Management Teams which concludes with Certificates of Assurance being signed by each Executive Director and the Chief Operating Officer.
- 6.2 Corporate assurance has also been provided as regards the adequacy of the internal controls from the following Officers:
- Chief Finance Officer (S 95 Officer)
 - Head of Legal & Governance Services /Monitoring Officer
 - Chief Internal Auditor
 - Data Protection Officer
 - Records and Information Security Manager
 - Corporate Procurement Manager
 - Senior HR Manager
 - Head of Innovation
- 6.3 For Arm's Length External Organisations, reliance has been placed upon:
- unaudited financial statements of the companies (audited accounts will be scrutinised when available)
 - assurance self-assessment evaluations;
 - terms and conditions of Service Level Agreements ;

- contract monitoring meetings with Service;
- performance information and financial monitoring reports to Service ;
- presentations to Scrutiny Committee.

- 6.4 For Tayside Contracts Joint Committee, Tayside Valuation Joint Board and Perth & Kinross Integration Joint Board, reliance has been placed upon each organisation's own Annual Governance Statement.
- 6.5 The draft Annual Governance Statement is considered by the Executive Leadership Team and the Council's Scrutiny Committee prior to inclusion within the unaudited Annual Accounts.
- 6.6 The Annual Governance Statement is considered by the Audit Committee as part of the Annual Accounts.

7 Effectiveness of Governance Arrangements for 2021/22

- 7.1 Based on the assurance process outlined above, in terms of effectiveness, the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework, subject to the areas identified for review or improvement set out in section 9.
- 7.2 Our financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). Financial risks arising from the continuing response to the Covid-19 pandemic are highlighted and managed through our effective processes, with regular reporting to elected members.
- 7.3 Our assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).
- 7.4 The Council has designated the Head of Legal & Governance Services as the Senior Information Risk Owner with the Head of Corporate IT and Revenues as Depute. Our information security measures have been reviewed in 2021/22 to ensure continuing compliance with the Public Service Network (PSN) requirements.
- 7.5 The Chief Internal Auditor is the Council's nominated Money Laundering Reporting Officer. There has been no relevant activity in respect of Council and its group during the year.
- 7.6 We have structures in place which support constructive challenge and effective scrutiny to our system of internal control and our broader governance arrangements. In particular: -
- Audit & Risk Committee
 - Scrutiny & Performance Committee
 - Finance & Resources Committee
 - Themed Committees
 - Executive Leadership Team / Extended Executive Leadership Team
 - Policy & Governance Group
 - Transformation Board
 - Internal Audit
 - External Audit (presently KPMG)

8 Opinion of the Chief Internal Auditor

- 8.1 Audit activity and performance will be detailed in the Annual Report by the Chief Internal Auditor for the year 2021/22 when it is presented to the Council's Audit & Risk Committee. The draft report contains the Chief Internal Auditor's opinion in respect of the effectiveness of the governance arrangements in place, as follows: -

"In the Chief Internal Auditor's opinion, reasonable reliance can be placed on the Council's risk management and governance arrangements, and systems of internal control for 2021/22, subject to management implementation of the agreed actions detailed in Internal Audit reports."

9 Areas for review/continued improvement action

- 9.1 The last two years have demonstrated our reliance on technology and the way in which technology can shape and influence how we deliver services and work as an organisation in the future. We will therefore review our cyber resilience and information governance arrangements to ensure that they are fit for purpose and robust.
- 9.2 The Council's financial management: governance and reporting arrangements have been assessed against the financial management standards set out within the CIPFA Financial Management Code (2019). The Code is largely based upon the standards set out elsewhere within the Annual Governance Statement and the Council is considered to be compliant with the Code. Improvement actions arising from the review include consideration of how the Council can build upon existing practice in its budget consultation with stakeholders and strengthening existing reporting arrangements through the submission of a Financial Strategy report to Council in June.

- 9.3 The adoption of our Climate Change Strategy in December 2021 will require all strategies and policies to be reviewed for their impact in this area. An Integrated Assessment Tool is being developed which captures these considerations for future reports and existing strategies and policies will be subject to a similar process for ensuring their consistency with the Climate Change Strategy.
- 9.4 In addition to these areas, there are some specific areas which will be held under review:
- Leadership and senior management structure and capacity;
 - Capacity and resources to lead, develop and deliver transformation and change programme;
 - Development and implementation of a new Financial Strategy to address financial deficits and support transformation activity;
 - Our approach to community engagement as we develop the Perth & Kinross Offer;
 - Resource implications of ongoing response/recovery from Covid-19 pandemic;
 - Leadership capacity and corporate support to Integration Joint Board.

STATEMENT

The Council is legally required to review the effectiveness of its governance arrangements and to publish an Annual Governance Statement, with its Annual Accounts. The governance framework and in particular the system of internal control, has been assessed in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

The review of the effectiveness of the Council's system of internal control and overall governance framework has been informed by different sources assessing risk and providing assurance: -

- Executive Leadership Team/ Service Management Teams
- Chief Finance Officer
- Monitoring Officer
- Chief Internal Auditor/ Internal Audit
- Data Protection Officer
- Policy & Governance Group
- External Audit
- External agencies and inspectorates.

The Council's Governance Framework is considered robust and effective.

Each Director, who has responsibility within the Scheme of Delegation for the development and maintenance of the system of internal control, has reviewed the current governance arrangements and internal controls within their service area and provided assurance that these are effective.

The Chief Finance Officer has provided assurance that the financial arrangements in place conform to the relevant CIPFA requirements and that our expenditure is lawful. The Monitoring Officer has provided assurance that our governance arrangements ensure compliance with relevant laws, regulations, internal policies and procedures.

The Chief Internal Auditor has provided assurance for the year 2021/22 and an Internal Audit plan will be developed for 2022/23 that will focus on areas which have been identified as corporate or service specific risks in relation to core business and any additional risks which have arisen as a result of the Covid-19 pandemic.

We are satisfied that our governance arrangements and in particular, our system of internal control, continue to be regarded as fit for purpose. Any identified improvement actions will continue to be delivered and monitored through existing improvement plans, audit plans and change programmes to avoid duplication of effort.

We have been reassured by the way in which this Council has adapted to the challenges presented by the Covid-19 pandemic. Our governance framework and understanding of key risks have not only ensured that essential services have been maintained but that innovative arrangements could be implemented to meet new and emerging needs as these arose. As we support our communities to recover from the impact of Covid-19, our governance framework will continue to be reviewed and adapted where necessary to ensure that it remains robust and effective.

Signed:



Thomas Glen
Chief Executive

27 October 2022

Signed:



Councillor Grant Laing
Leader of the Council

27 October 2022

Independent auditor's report to the members of Perth and Kinross Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Perth and Kinross Council and its group for the year ended 31 March 2022 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-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, and the Non-domestic Rate Account, the Charitable Trusts Income and Expenditure Account, the Charitable Trusts Balance Sheet, the Common Good Income and Expenditure Account, the Common Good Balance Sheet and notes to the financial statements, including significant accounting policies. 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 2021/22 (the 2021/22 Code). In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the council and its group as at 31 March 2022 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 2021/22 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

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed under arrangements approved by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is six years. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We 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 we have performed, we 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, we 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

We report in our Annual Audit Report, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Head of Finance and Perth and Kinross Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance 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 Head of Finance 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 Head of Finance 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 council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the council and its group;
- assessing 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 our 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 skillfulness 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 our auditor's report.

Reporting on other requirements

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

We have audited the part of the Remuneration Report described as audited. In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Head of Finance is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

Our 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 our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we 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 our 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 we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our 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 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Michael Wilkie, (for and on behalf of KPMG LLP),

Chartered Accountants

KPMG LLP

319 St Vincent Street

Glasgow

G2 5AS

28 October 2022

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Fund £'000	Insurance Fund £'000	Capital statutory funds £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 32) £'000	Total Authority Reserves £'000
Balance at 1 April 2020	(49,296)	(1,000)	(31,640)	(2,970)	(2,648)	(2,189)	(89,743)	(467,932)	(557,675)
<u>Movement in reserves during 2020/21</u>									
Total Comprehensive Income and Expenditure	(6,582)	1,739	0	0	0	0	(4,843)	(88,589)	(93,432)
Adjustments from income & expenditure charged under the accounting basis to the funding basis (Note 5)	(15,431)	(645)	0	0	119	(541)	(16,498)	16,498	0
(Increase)/ Decrease in 2020/21	(22,013)	1,094	0	0	119	(541)	(21,341)	(72,091)	(93,432)
Transfers to/(from) Other Statutory Reserves	(1,174)	(3,100)	3,696	578	0	0	0	0	0
Balance at 31 March 2021 carried forward	(72,483)	(3,006)	(27,944)	(2,392)	(2,529)	(2,730)	(111,084)	(540,023)	(651,107)
<u>Movement in reserves during 2021/22</u>									
Total Comprehensive Income and Expenditure	11,478	5,147	0	0	0	0	16,625	(107,289)	(90,664)
Adjustments to Usable Reserves permitted by accounting standards	(4,459)	(2,995)	0	0	0	0	(7,454)	7,454	0
Adjustments from income & expenditure charged under the accounting basis to the funding basis (Note 5)	(16,483)	(2,228)	0	0	(27)	2,643	(16,095)	16,095	0
(Increase) or Decrease in 2021/22	(9,464)	(76)	0	0	(27)	2,643	(6,924)	(83,740)	(90,664)
Transfers to/(from) Other Statutory Reserves	(3,953)	(200)	3,127	1,026	0		0	0	0
Balance at 31 March 2022 carried forward	(85,900)	(3,282)	(24,817)	(1,366)	(2,556)	(87)	(118,008)	(623,763)	(741,771)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

<i>Restated</i>	<i>Restated</i>	<i>Restated</i>			2021/22			
<i>2020/21</i>								
<i>Gross Expenditure £'000</i>	<i>Income £'000</i>	<i>Net Expenditure £'000</i>		Notes	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	
			COUNCIL SERVICES					
205,009	(26,313)	178,696	Education & Children's Services		233,020	(27,525)	205,495	
152,534	(88,343)	64,191	Health & Social Care		172,809	(97,019)	75,790	
108,431	(23,300)	85,131	Communities		119,003	(28,737)	90,266	
66,533	(27,468)	39,065	Corporate and Democratic Services		66,366	(25,072)	41,294	
30,209	(29,306)	903	Housing Revenue Account		34,465	(30,085)	4,380	
1,308	0	1,308	Valuation Joint Board		1,307	0	1,307	
564,024	(194,730)	369,294	COST OF SERVICES		626,970	(208,438)	418,532	
0	(925)	(925)	Other Operating Income and Expenditure	8	0	(534)	(534)	
27,431	(2,595)	24,836	Financing and Investment Income and	9	25,623	(2,019)	23,604	
0	(398,048)	(398,048)	Expenditure	10	0	(424,977)	(424,977)	
			Taxation and Non-Specific Grant Income					
591,455	(596,298)	(4,843)	(Surplus)/Deficit on Provision of Services		652,593	(635,968)	16,625	
	(56,181)		Surplus on revaluation of non current assets				(22,427)	
	(32,408)		Remeasurement of the net defined benefit liability				(84,862)	
	(88,589)		Other Comprehensive Income and Expenditure				(107,289)	
(93,432)			Total Comprehensive Income and Expenditure				(90,664)	

BALANCE SHEET

<u>31 March 2021</u>		Notes	<u>31 March 2022</u>
£'000			£'000
1,202,540	Property, Plant & Equipment	21	1,255,581
51,788	Heritage Assets	22	51,814
13,140	Investment Property	23	14,060
321	Intangible Assets	24	1,674
550	Assets Held for Sale	25	403
45,115	Long Term Investments		0
689	Long Term Debtors	26	613
1,314,143	Long Term Assets		1,324,145
161,577	Short Term Investments		209,301
126	Assets Held for Sale	25	273
525	Inventories	27	578
41,599	Short Term Debtors	28	46,052
27,221	Cash and Cash Equivalents	44	38,437
231,048	Current Assets		294,641
(67,746)	Short Term Borrowing	39	(14,754)
(68,866)	Short Term Creditors	29	(73,570)
(272)	Provisions	30	(3,904)
(136,884)	Current Liabilities		(92,228)
(2,149)	Provisions	30	(2,959)
(522,523)	Long Term Borrowing	39	(604,507)
(232,528)	Other Long Term Liabilities	18,36	(177,321)
(757,200)	Long Term Liabilities		(784,787)
651,107	NET ASSETS		741,771
111,084	Usable Reserves		118,008
540,023	Unusable Reserves	32	623,763
651,107	TOTAL RESERVES		741,771

The Unaudited Annual Accounts were issued on 28 June 2022 and the Audited Annual Accounts were authorised for issue on 27 September 2022.

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


 Stewart MacKenzie CPFA
 Head of Finance
 27 October 2022

CASH FLOW STATEMENT

<u>2020/21</u>		Notes	<u>2021/22</u>
<u>£'000</u>			<u>£'000</u>
4,843	Surplus/(Deficit) on the provision of services		(16,625)
60,104	Adjustments to net surplus or deficit on the provision of services for non cash movements		99,842
(26,750)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(47,236)
<u>38,197</u>	Net cash flows from Operating Activities		<u>35,981</u>
(100,509)	Investing Activities	42	(48,326)
21,922	Financing Activities	43	23,561
<u>(40,390)</u>	Net (decrease)/increase in cash and cash equivalents		<u>11,216</u>
67,611	Cash and cash equivalents at the beginning of the reporting period		27,221
<u><u>27,221</u></u>	Cash and cash equivalents at the end of the reporting period	44	<u><u>38,437</u></u>


STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for those affairs under Section 95 of the Local Government (Scotland) Act 1975. In this Council that officer is the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that the Annual Accounts were approved for signature by those charged with governance at the meeting of the Audit Committee on 27 September 2022.


Councillor Grant Laing
Leader of the Council
27 October 2022

The Responsibilities of the Head of Finance

The Head of Finance is responsible for the preparation of the Council's Annual Accounts, which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year.

In preparing these Annual Accounts, the Head of Finance has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation and the Local Authority Accounting Code of Practice.

The Head of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.
- used the going concern basis of accounting on the assumption that the Council will continue in operational existence for the twelve months following the approval of the Annual Accounts.

I certify that the Annual Accounts give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its Group for the year ended 31 March 2022.


Stewart MacKenzie CPFA
Head of Finance
27 October 2022

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

General

The Statement of Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and adapted to the Code of Practice as required by the Local Authority Accounts (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and supported by International Financial Reporting Standards. The Statement of Accounts are intended to present a true and fair view of the financial position and transactions of the authority and have been prepared in accordance with the fundamental accounting principles of relevance, reliability, comparability, understandability and materiality.

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

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, or when the Council is entitled to the income, not simply when cash payments are made or received.

In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods and services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g. in the collection of Non Domestic Rates and Water & Wastewater), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

Cash and Cash Equivalents

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

Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service;
- 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 fixed 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 an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting

transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Contingent Assets and Liabilities

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

Contingent Assets and Liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to terminate the employment of an officer.

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

Post-Employment Benefits

Employees of the Council are members of two separate pension schemes: The Scottish Teachers' Superannuation Scheme and the Local Government Pension Scheme.

The Scottish Teachers' Superannuation Scheme is a statutory unfunded defined final benefit salary scheme administered nationally by the Scottish Public Pensions Agency on behalf of the Scottish Government. There are no investment assets built up under the scheme to meet pension liabilities. The contributions paid into the scheme by the Council and teaching employees are determined nationally and member's pension benefits are prescribed under the Teachers' Superannuation (Scotland) Regulations 2005 with the Scottish Government being responsible for meeting the scheme's liabilities.

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS). The LGPS is a statutory funded defined final benefit salary scheme operated through local pension funds. Perth & Kinross Council and its employees pay contributions into the Tayside Pension Fund administered by Dundee City Council calculated at a level to balance the pension liabilities with investment assets. The contributions paid into the scheme by employees and member pension benefits are prescribed, for the period to which the accounts relate, by the Local Government Pensions Scheme (Scotland) Regulations 1998 as amended. Perth & Kinross Council's contributions, as employer, into the Tayside Pension Fund are subject to the advice of the Fund actuary.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be attributed specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Tayside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.00% which is based on the indicative rate of return on the high quality corporate bond index (i Boxx AA).

The assets of the Tayside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - net interest on the net defined liability / (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability / (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability / (asset) at the end of the period – taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contribution and benefit payments;
- Remeasurements comprising:
 - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability / (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- Contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

Career Average Revalued Earnings Scheme (CARE)

The Local Government Pension Scheme changed from Final Salary to Career Average Revalued Earnings (CARE) on 1 April 2015, with a change of accrual rate from 1/60th to 1/49th. Employees who were previously paying into the Final Salary scheme were automatically transferred into the new CARE scheme on 1 April 2015.

Events after the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an

orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- 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.

Financial Liabilities

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

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

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

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

Financial Assets

Financial assets are classified based upon a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow 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)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where cash flows do not take the form of a basic debt instrument).

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

However, the Council has made loans to various organisations at less than market rates (soft loans). When a soft loan is made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. In subsequent years interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Foreign Currency

Where the Council enters into a transaction in foreign currency the transaction is converted into sterling at the exchange rate applicable on the date the transaction is effective.

Going Concern

The Head of Finance is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for at least twelve months from the date of approval of the financial statements and it can only be discontinued under statutory prescription. The Council has significant net assets, investments and cash and a track record of preparing a balanced budget which incorporates significant savings that are subsequently achieved. The Covid pandemic continues to have an impact on the finance and operations of the Council. The Council has put in place robust measures to ensure the continuing strong financial management of its activities which demonstrates its ability to continue as a going concern. Work continues to assess the impacts of the pandemic and the mitigating actions taken to return to a balanced budget. Taken together, the Head of Finance has determined that it remains appropriate to prepare the financial statements on a going concern basis.

Government Grants and Contributions

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

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

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

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

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

Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets include museum and gallery collections and works of art. These assets are held by the Council in pursuit of its overall objectives in relation to the maintenance of the heritage. Since 1 April 2016 Culture Perth & Kinross has responsibility for the delivery and development of museum and library services in Perth & Kinross. The Trust manages the museum and gallery collections on behalf of the Council, however the Council will continue to be custodian of the collections.

Tangible Heritage Assets

The Council's Heritage Assets are held in the Perth Museum & Gallery, Fergusson Gallery and Alyth Museum. The collections include Art, History and Natural History and are held in support of Council objectives i.e. to increase knowledge, understanding and appreciation of the local area and its history. Heritage Assets are recognised and

measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council has embarked upon a revaluation programme for all collection items deemed to have significant value, these being mainly items within Fine and Applied Art collections. In recognition of the key qualitative characteristics of the financial statements, i.e. understandability, relevance, reliability and comparability, the Council has chosen to apply a £10,000 de-minimus level for which items will be recognised within the balance sheet. The exclusion of individual items having a value of less than £10,000 does not impact upon the characteristics of the financial statements and a summary of the main collections and applicable accounting treatment is as follows.

Art Collection

The Fine Art collection includes paintings and sketches in various mediums, and although international in scope, its greatest strength is in the holding of Scottish pictures. The collection seeks to retain a balance between the historical and the contemporary whilst continuing to develop the holdings of works of specifically local interest. The Applied Art collection has been acquired since 1785 through purchase, gift or bequest. It covers a wide variety of objects and materials, within which the collections of Perth silver and Perthshire glass are unsurpassed in terms of national importance.

Subject to the de-minimus noted above, items donated or acquired are valued by the curators at point of acquisition; in addition, there is a five year rolling programme of valuation to ensure all significant items in the Art collection are valued. All valuations are undertaken by the curators having relevant knowledge and experience and with reference to appropriate commercial markets.

Art collection items are held in the Council balance sheet at market value and are tested annually for impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

As the assets within the art collection are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

History Collection

The History collection includes social history, archaeology, arms & armour, costume, archives, coins, medals & stamps, photography and world cultures collections. These items cannot be readily and/or reliably valued due to their diverse nature. The cost of valuation would be disproportionate in terms of any benefit derived to the user of the financial statements and the History collection is consequently excluded from the Council Balance Sheet.

Natural History Collection

The Natural History collection includes zoology, botany and geology collections. No market exists for these items and collections and there is no comparable data to form the basis of valuation. The cost of obtaining valuations would be disproportionate in terms of any benefit derived to the user of the financial statements and Natural History collections are consequently excluded from the Council Balance Sheet.

Heritage Assets – General

The Council may dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The promotion of other cultural events and programmes during the year makes it difficult to reliably estimate the percentage of the Art Collection on display for public viewing. All items not on display are held in secure storage and access is permitted to scholars and others for research purposes.

The Culture Perth & Kinross Collections Management Framework provides guidance on the collection, disposal or lending of heritage assets.

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. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can 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(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital statutory funds reserve.

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is valued at the cost of direct materials and labour plus attributable overheads based on the normal level of activity less any attributable losses.

Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Operating Leases - Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases - Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are only charged to the HRA and charities in accordance with the total absorption costing principle.

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not

add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure and community assets – depreciated historical cost;
- assets under construction – historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH). The Council values these assets using the Beacon approach (Adjusted Vacant Possession)
- other land and buildings – current value based on existing use value (EUV) for operational assets where there is an active market, or if there is no market based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold, depreciated replacement cost (DRC) using the instant build approach;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- all other assets – current value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for:

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

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

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a

subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is required to be credited to the Capital statutory funds reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed 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.

Depreciation

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

Leasehold properties	over period of lease
Roads and bridges	15-30 years
Other infrastructure assets	10-30 years
Vehicles, plant and equipment	3-15 years
Council Buildings	up to 50 years
Council Dwellings	10-30 years
Intangible Fixed Assets	3-5 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the General Fund.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

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

Provisions

The Council is required to make provisions 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. Provision has been made for bad and doubtful debts in

respect of Council Tax, Housing Rents and other items of income, where appropriate. In all cases the level of provision is based on experience and an assessment of the prospects of recovering the related debt.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the relevant notes.

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

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

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

- IFRS 1 First-time Adoption of International Financial Reporting Standards has been amended to permit a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been amended to clarify the costs an entity should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- IAS 41 Agriculture has been amended to remove the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The update will ensure consistency with the requirements in IFRS 13 Fair Value Measurement.
- IFRS 16 Leases will require the Council as lessee to recognise leases on the Balance Sheet as right-of-use assets along with the corresponding lease liabilities, except for low value and short-term leases. CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2024.

3. Critical Judgements in Applying Accounting Policies

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

Public Sector Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Public Private Partnership (PPP)

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 36 provides further details.

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are in respect of the Council's Net Pensions Liability, and the estimated useful lives and valuation of Property, Plant and Equipment.

Net Pensions Liability

Uncertainty

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This is further detailed in Note 18 to the Accounts which includes a table setting out the potential sensitivity of change in assumptions on the Pension Liability. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Effect if Actual Results Differ from Assumptions

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a reduction in the pension liability of £21.212 million. However, the assumptions interact in complex ways. During 2021/22, the Council's actuaries advised that the net pension liability had reduced by £49.339 million following an updating of assumptions.

Property, Plant & Equipment – Estimated Useful Lives

Uncertainty

Property, Plant and Equipment assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

Effect if Actual Results Differ from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £580,000 for every year that useful lives had to be reduced.

Property, Plant & Equipment - Valuations

Uncertainty

The Royal Institution of Chartered Surveyors (RICS) global Covid-19 valuation practice alert was withdrawn and with it the material uncertainty in relation to Covid-19 on 3 March 2022.

Markets are functioning and transaction volumes are at levels where there is sufficient evidence on which to base opinions on value. However, uncertainties due to worldwide events such as the war in Ukraine do remain and continue to influence pricing.

The valuation reports have been used to inform the measurement of non-current assets in these financial statements. The valuers have continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to Council as at 31 March 2022 and can be relied upon.

Of the £627,922,000 net book value of Other Land & Buildings at 31 March 2022 and subject to valuation on a five year cycle, £531,074,000 relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Council of replacing the service potential of the assets; the uncertainty relates to the estimated costs of, rather than the extent of, service potential to be replaced.

The valuer has provided estimates for the range of uncertainty attached to the valuation of Council dwellings. The valuation of Council dwellings requires the use of an Adjustment Factor which is applied to the vacant possession value of the housing stock to arrive at the reported Existing Use Value – Social Housing (EUV-SH). The Adjustment Factor is based on the ratio of private and public sector rents and yields. Rental ratios are established from data provided by the Council and from Local Housing Allowances, HM Rent Service, RICS, and using information on private sector rents from research including local letting agents. Information on yields is derived from the RICS, Building Society and Chartered Surveyor firm publications, and government publications.

In addition, the valuers have provided estimates for uncertainty which may apply to Investment property yields, however, there is limited market evidence to suggest that the yields used for valuation purposes may change.

Effect if Actual Results Differ from Assumptions

A sensitivity analysis has been undertaken by the valuer to examine the potential impact if the Adjustment Factor was increased or decreased by 5%, this being the tolerance listed within the valuation guidance published by the Ministry

for Housing Communities and Local Government (MHCLG). The EUV-SH for the Council housing stock at 30 September 2019 is £294,573,740. A 5% increase or decrease to the Adjustment Factor would result in an increase or decrease of £34,893,830 (11.85%) to the value of the Council housing stock.

The sensitivity analysis for Investment property yields assumes a +/- 0.5% potential movement for the average yield across the total investment property portfolio. A 0.5% decrease in the average yield would result in an increase of £1,004,000 in the value of Investment property. If the average yield was to increase by 0.5%, the value of investment property would reduce by £879,000.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

	Usable Reserves				Total	2020/21
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adjustments involving the Capital Adjustment Account</u>						
Depreciation and impairment on non-current assets	(34,453)	(9,580)	0	0	(44,033)	(51,167)
Revaluation Losses on Property, Plant & Equipment	(20,917)	(13)	0	0	(20,930)	(553)
Reversal revaluation gains	15,230	2	0	0	15,232	6,645
Movements in Fair Value of Investment Properties	1,065	0	0	0	1,065	(75)
Amortisation of Intangible Assets	(888)	0	0	0	(888)	(675)
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement	43,288	3,339	0	0	46,627	25,282
Amounts of non current assets written off on disposal as part of the gain/loss	(879)	(39)	0	0	(918)	(877)
<u>Items not debited or credited to the Comprehensive Income & Expenditure Statement</u>						
Statutory provision for repayment of debt	10,691	3,653	0	0	14,344	14,553
Capital expenditure charged to the General Fund and HRA balances	2,411	2,347	0	0	4,758	6,769
<u>Adjustments involving the Capital Receipts Reserve</u>						
Transfer of sale proceeds credited as part of the gain/loss on disposal	930	89	(1,019)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	992	0	992	1,136
<u>Adjustments involving the Capital Grants Unapplied Account</u>						
	0	0	0	2,643	2,643	(541)
<u>Adjustments involving the Financial Instruments Adjustment Account</u>						
	539	187	0	0	726	725
<u>Adjustments involving the Pensions Reserve</u>						
Employer's pensions contributions and direct payments to pensioners payable in the year	18,316	1,343	0	0	19,659	19,111
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(51,608)	(3,574)	0	0	(55,182)	(35,421)
<u>Adjustments involving Short Term Accumulated Absences Account</u>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(208)	18	0	0	(190)	(1,410)
Total Adjustments	(16,483)	(2,228)	(27)	2,643	(16,095)	(16,498)

6. Expenditure and Funding Analysis - 2021/22

	Net Expenditure charged to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Education & Children's Services	175,145	30,350	205,495
Health & Social Care	69,033	6,757	75,790
Communities	61,496	28,770	90,266
Corporate and Democratic Services	31,648	9,646	41,294
Housing Revenue Account	(8,107)	12,487	4,380
Valuation Joint Board	1,307	0	1,307
Non Distributed Costs	1,528	(1,528)	0
Cost of Services	332,050	86,482	418,532
Other Income and Expenditure	(341,590)	(60,317)	(401,907)
(Surplus) or Deficit on Provision of Services	(9,540)	26,165	16,625
Opening General Fund and HRA Balance	(75,489)		
Surplus on General Fund and HRA Balance in Year	(9,540)		
Transfers from other Statutory Reserves	(4,153)		
Closing General Fund and HRA Balance at 31 March 2022	(89,182)		

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between Reserves are explained in the Movement in Reserves Statement.

Notes to the Expenditure and Funding Analysis - adjustments between funding and accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note A £ '000	Net change for the Pensions Adjustments Note B £ '000	Other Differences Note C £ '000	Total Adjustments £ '000
COUNCIL SERVICES				
Education & Children's Services	17,756	12,276	318	30,350
Health & Social Care	929	5,893	(65)	6,757
Communities	19,966	8,822	(18)	28,770
Corporate and Democratic Services	4,225	5,448	(27)	9,646
Housing Revenue Account	10,439	2,066	(18)	12,487
Non Distributed Costs	0	(1,528)	0	(1,528)
Cost of Services	53,315	32,977	190	86,482
Other Operating Expenditure and Income	(13)	0	0	(13)
Financing and Investment Income and Expenditure	(15,497)	2,546	(726)	(13,677)
Taxation and Non-Specific Grant Income	(46,627)	0	0	(46,627)
Other income and expenditure from the Expenditure and Funding Analysis	(62,137)	2,546	(726)	(60,317)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(8,822)	35,523	(536)	26,165

Expenditure and Funding Analysis - 2020/21

	Net Expenditure charged to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Restated Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Education & Children's Services	161,025	17,671	178,696
Health & Social Care	60,475	3,716	64,191
Communities	66,855	18,276	85,131
Corporate and Democratic Services	33,739	5,326	39,065
Housing Revenue Account	(9,452)	10,355	903
Valuation Joint Board	1,308	0	1,308
Non Distributed Costs	1,561	(1,561)	0
Cost of Services	315,511	53,783	369,294
Other Income and Expenditure	(336,430)	(37,707)	(374,137)
(Surplus) or Deficit on Provision of Services	(20,919)	16,076	(4,843)
Opening General Fund and HRA Balance	(50,296)		
Surplus on General Fund and HRA Balance in Year	(20,919)		
Transfers to other Statutory Reserves	(4,274)		
Closing General Fund and HRA Balance at 31 March 2021	(75,489)		

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between Reserves are explained in the Movement in Reserves Statement.

Notes to the Expenditure and Funding Analysis - adjustments between funding and accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Net change for the			Total Adjustments
	Adjustments for Capital Purposes Note A £ '000	Pensions Adjustments Note B £ '000	Other Differences Note C £ '000	
COUNCIL SERVICES				
Education & Children's Services	11,676	5,215	780	17,671
Health & Social Care	920	2,632	164	3,716
Communities	14,672	3,474	130	18,276
Corporate and Democratic Services	2,232	2,815	279	5,326
Housing Revenue Account	9,481	817	57	10,355
Non Distributed Costs	0	(1,561)	0	(1,561)
Cost of Services	38,981	13,392	1,410	53,783
Other Operating Expenditure and Income	(121)	0	0	(121)
Financing and Investment Income and Expenditure	(14,497)	2,918	(725)	(12,304)
Taxation and Non-Specific Grant Income	(25,282)	0	0	(25,282)
Other income and expenditure from the Expenditure and Funding Analysis	(39,900)	2,918	(725)	(37,707)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(919)	16,310	685	16,076

Explanation to the Expenditure and Funding Analysis

Adjustments for Capital Purposes

Note A Adjustments for Capital Purposes adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for conditions which were satisfied in the year.

Net Change for the Pensions Adjustments

Note B Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement

Other Differences

Note C Other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts and stepped interest rate loans
- **For services** this represents the removal of the increase or decrease in the employee statutory adjustment account.

7. Transfer (to)/from General Fund Reserves

The Reserves Strategy that the Council approved in March 2022 earmarked funding towards specific or known future commitments. The following table sets out the updated balances as at 31 March 2022 for these Earmarked Reserves taking cognisance of the final year-end position.

	1 April 2021 £'000 Balance as at	(In)/Out £'000 Transfers	31 March 2022 £'000 Balance as at
Revenue Grants	(15,206)	(4,325)	(19,531)
Covid-19	(25,727)	7,384	(18,343)
Non recurring pressures c/f from 2021/22	0	(5,242)	(5,242)
Developer Contributions: Commuted Sums & Infrastructure and Affordable Housing	(5,478)	512	(4,966)
Affordable Housing (Resources accrued from reduced Council Tax Discounts)	(3,416)	(865)	(4,281)
Workforce Management (including transformation)	(4,275)	161	(4,114)
Car Parking	(1,183)	(396)	(1,579)
Perth High School	(1,565)	10	(1,555)
Devolved School Management (DSM)	(1,536)	345	(1,191)
Insurance Fund	0	(1,000)	(1,000)
Culture	(659)	(275)	(934)
REACH project	(1,255)	512	(743)
Decant schools	0	(700)	(700)
School Counsellors	(628)	(53)	(681)
Financial Insecurity	0	(638)	(638)
Perth & Kinross Offer	(499)	22	(477)
Bertha Park High School	(813)	359	(454)
Ventilation Measures	0	(437)	(437)
Modern Apprentices/Graduate Trainees	(403)	(31)	(434)
Property Maintenance	0	(305)	(305)
Works Maintenance	(200)	(100)	(300)
Primary School at Bertha Park	0	(270)	(270)
PH2O	(267)	55	(212)
Local Government Elections	(159)	(53)	(212)
Financial Assistance	(176)	(20)	(196)
North Inch Golf	0	(155)	(155)
Grounds Maintenance	(210)	75	(135)
Local Action Partnerships	(127)	20	(107)
Salix Fund	(72)	(20)	(92)
Community Investment Fund	(304)	266	(38)
Revenue Budget Flexibility	(125)	125	0
Earmarked Balances	(64,283)	(5,039)	(69,322)

Purpose of Earmarked General Fund Balances

Revenue Grants - these grants are being carried forward in reserves as the grant conditions have been met but the expenditure has not been fully incurred.

Covid-19 – the Council approved the creation of the Covid-19 earmarked Reserve on 27 January 2021 (report 21/8 refers) to address the ongoing impact of Covid-19.

Non-Recurring Pressures c/f from 2021/22 – the 2022/23 Revenue Budget includes non recurring expenditure of £5.242 million approved as part of the Council's Revenue Budget 2022/23 and Reserves Strategy which is funded by the Council's underspend in 2021/22 and is earmarked for this purpose.

Developer Contributions: Commuted Sums & Infrastructure and Affordable Housing - the Enterprise & Infrastructure Committee approved supplementary guidance on 3 September 2014 for developer contributions covering community greenspace, primary education, Auchterarder A9 junction improvements, affordable housing and transport infrastructure. These sums are held in the Council's Reserves until they are applied to relevant schemes. The application of these resources will be reported to the Finance & Resources Committee through the revenue and capital monitoring process.

Affordable Housing (Resources accrued from reduced Council Tax Discounts) - these reserves have been generated as a result of the Council's policy on varying the level of council tax charged for long term empty properties and second homes. These resources can only be used for the provision of affordable housing. The application of these resources will be reported to the Finance & Resources Committee through the revenue monitoring process.

Workforce Management (including transformation) – the majority of these resources are earmarked for workforce management and cultural change measures required to respond to future financial challenges. There continues to be a small amount earmarked for projects which are still operational under the transformation programme. The application of these resources will be reported to the Finance & Resources Committee through the revenue monitoring process.

Car Parking – this balance is the accumulated surplus at 31 March 2022 which is restricted in its application under the Road Traffic Regulation Act 1984. Any proposals to utilise these resources will require approval by the Finance & Resources Committee.

Perth High School - these resources were earmarked as part of 2016/17 Revenue Monitoring Report 1 to the Strategic Policy and Resources Committee (Report No. 16/400 refers) for future maintenance works at Perth High School and is being phased over a number of years.

Devolved School Management (DSM) – the amount shown is the accumulated sum available to be carried forward at 31 March 2022 under the approved scheme for managing these budgets. The purposes for which the earmarked amount can be used and the procedures for its management and control are detailed in the Council's approved DSM scheme.

Insurance Fund – the Council's Revenue Budget 2022/23 and Reserves Strategy approved a contribution to the Insurance Fund in 2022/23 following the next actuarial review covering the period to 31 March 2023.

Culture – there was £363,000 approved for developing the cultural offer from the final under spend in the 2018/19 Revenue Budget and reported to Strategic Policy & Resources Committee during the year. This was further increased by £55,000 during 2019/20 and £241,000 during 2020/21. The application of these resources will be reported to the Finance & Resources Committee through the revenue monitoring process.

REACH project – The Council meeting of 16 August 2017 approved the review and remodelling of residential care (children and young people) and the financial resources to fund this transformation project (Report No.17/262 refers). The Council approved £500,000 from transformation funding and £500,000 from uncommitted Reserves and up to £700,000 from the Education and Children Services budget. 2017/18 Revenue Monitoring Report 3 to the Strategic Policy & Resources Committee approved £300,000 to be transferred from Education and Children Services to this earmarked balance (Report No.18/41 refers) and a further £400,000 as part of the year end position. These resources are being phased over a number of years.

Decant Schools – Revenue Budget Report 2021/22 No 4 to the Strategic Policy & Resources Committee on 2 February 2022 approved the earmarking of £300,000 of resources in respect of expenditure on temporary decant expenditure in terms of progressing the Education & Children's Services capital programme.

School Counsellors – Revenue Budget 2020/21 Update No 2 to the Strategic Policy & Resources Committee approved the earmarking of resources received from the Scottish Government in respect of counselling in schools which are anticipated to be spent during 2023/24 due to the awarding of a 3 year contract (Report 20/225).

Financial Insecurity – Revenue Budget Report 2021/22 No 4 to the Strategic Policy & Resources Committee on 2 February 2022 approved the earmarking of £638,000 resources in respect of financial insecurity for future years.

Perth & Kinross Offer – The Strategic Policy and Resources Committee approved the transfer of £262,000 as part of Revenue Monitoring Report 3 to fund future expenditure on Perth & Kinross Offer (Report No 20/22). This was augmented by further underspends in Report 4 of £200,000 and a final year end underspend of £37,000. The application of these resources will be applied in future years.

Bertha Park High School – £649,000 of these resources were earmarked as part of the 2015/16 Revenue Monitoring Report 1 to the Strategic Policy & Resources Committee (report 15/395 refers) to equip the new secondary school at Bertha Park. A further £650,000 was approved as part of the 2016/17 and 2017/18 Revenue Budget processes as budget flexibility and £100,000 transferred from the amount earmarked for Investment and Learning. The 2017/18 Revenue Monitoring Report 3 (report 18/41 refers) approved a further £400,000 from the Education and Children's Services budget towards this project. The remaining £813,000 will be phased over a number of years.

Ventilation Measures – Revenue Budget Report 2021/22 No 4 to the Strategic Policy & Resources Committee on 2 February 2022 approved the earmarking of resources of £323,000 in respect of ventilation measures to fund works in future years.

Modern Apprentices/Graduate Trainees - the Strategic Policy and Resources Committee approved the transfer of the final under spend on modern apprentices and graduate trainees during 2021/22 to fund future expenditure in this area.

Property Maintenance – Revenue Budget Report No 3 to the Strategic Policy & Resources Committee on 21 November 2021 approved the earmarking of £250,000 resources in respect of property maintenance to be utilised in future years.

Works Maintenance - The Council continues to earmark a remaining £200,000 for future works maintenance approved as part of the 2018/19 – 2020/21 revenue budget. The application of these resources will be reported to the Finance & Resources Committee through the revenue monitoring process.

Primary School at Bertha Park – Revenue Budget Report 2021/22 No 4 to the Strategic Policy & Resources Committee on 2 February 2022 approved the earmarking of resources of £270,000 in respect of non recurring set up costs of the new primary school at Bertha Park.

PH2O – The Strategic Policy and Resources Committee approved the transfer of £350,000 from a budget of £500,000 as part of 2019/20 Revenue Monitoring Report 3 to the Strategic Policy & Resources Committee to fund the future design and business operating model of the PH2O project (Report No 20/22 refers). This was augmented by a further underspend of £57,000. The balance of resources will be utilised in future years.

Local Government Elections – these resources are earmarked in reserves as a contribution to local elections. The application of these resources will be reported to the Finance & Resources Committee through the revenue monitoring process.

Financial Assistance – at its meeting on 9 February 2006 the Council approved the creation of a recurring budget to fund its anticipated contribution to the Mod and other events across Perth and Kinross.

North Inch Golf – Revenue Budget Report 2021/22 No 4 to the Strategic Policy & Resources Committee on 2 February 2022 approved the earmarking of resources of £155,000 in respect of the new starter's hut due to delays in installation.

Grounds Maintenance – The Strategic Policy and Resources Committee approved the transfer of £225,000 as part of 2018/19 Revenue Monitoring Report 4 to fund road safety measures around the A9/A85 project. (Report No 19/110 refers). This continues to be utilised over the financial years.

Local Action Partnership – £232,000 was approved for earmarking for Communities in the 2017/18 Revenue Monitoring Report 3 by the Strategic Policy & Resources Committee (Report No.18/41 refers), with a further £70,000 approved in Revenue Monitoring Report 4 (Report 18/133 refers), and a further increase of £10,000 as part of the year end position. During 2019/20 a further £95,000 increased the amount to be earmarked. The application of the balance of these resources will be reported to the Finance & Resources Committee through the revenue monitoring process.

Salix Fund – this fund is a means of pooling resources together with savings achieved from the implementation of energy conservation and efficiency schemes to fund expenditure on further schemes of the same type. The application of these resources will be reported to the Strategic Policy & Resources Committee through the revenue monitoring process.

Community Improvement Fund – The Council earmarked £600,000 as part of the 2018/19 Revenue Budget and a further £600,000 was approved to be earmarked during 2019/20. These resources will be reported to the Finance &

Resources Committee. The remaining balance of £38,000 continues to be earmarked.

Revenue Budget Flexibility – the balance earmarked under the Council's approved budget flexibility scheme was utilised in 2021/22.

8. Other Operating Expenditure / Income

	2021/22 £'000	2020/21 £'000
Gains on the Disposal of Non Current Assets	(13)	(121)
Share of Tayside Contracts surplus	(521)	(804)
Total	<u>(534)</u>	<u>(925)</u>

9. Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	24,146	24,350
Pensions interest cost and expected return on pensions assets	2,546	2,918
Interest receivable and similar income	(1,032)	(1,618)
Income in relation to investment properties and changes in their fair value	(2,056)	(814)
Total	<u>23,604</u>	<u>24,836</u>

10. Taxation and Non Specific Grant Income

	2021/22 £'000	2020/21 £'000
Council Tax Income	(89,364)	(87,424)
Non Domestic Rates	(34,655)	(37,670)
Non Ring-fenced Government Grants	(254,331)	(247,672)
Capital Grants and Contributions	(46,627)	(25,282)
Total	<u>(424,977)</u>	<u>(398,048)</u>

11. Material Items of Income and Expense

In 2021/22 the Council received additional grant funding of £29.908 million (£60.757 million in 2020/21) from the Scottish Government in relation to the Covid-19 pandemic which was treated as agency income and expenditure and does not impact upon the figures in the Comprehensive Income and Expenditure Statement (see Note 15 for further details). The Council also received £10.73 million from the Scottish Government in relation to the Covid-19 pandemic which was treated as principal and received as part of Non Ring-fenced Government Grants.

12. Premiums and Discounts on Debt Rescheduling Written Down

The Code requires that any premiums or discounts arising from debt rescheduling should be written off in the year they were incurred, except in limited circumstances where they would qualify as a 'modification' of debt. During 2021/22, there were no such debt modifications.

The net amount of premium and discount debited to the General Fund and HRA, including for transactions prior to 1 April 2007 (as permitted by statutory guidance), from the Financial Instruments Adjustment Account was £707,000 (2020/21 £707,000).

13. General Grants, Bequests and Donations

Perth & Kinross Council is represented on, exercises influence over and provides grants to a large number of outside bodies which provide services to the public, consistent with the Council's statutory responsibilities.

During 2021/22 a total of £16,467,000 (2020/21 £15,456,000) was paid out in support of these organisations ranging from remission of hall rents of a few pounds to the contribution towards the operational and other costs of Live Active Leisure Limited of £4,863,000 (2020/21 £4,709,000). Details of grants are shown below.

	2021/22	2020/21
	£'000	£'000
Service Level Agreements with Outside Organisations	4,375	4,179
Live Active Leisure Limited	4,863	4,709
Culture Perth & Kinross	3,175	3,079
Horsecross Arts Ltd	1,062	1,176
Community Investment Fund	566	0
Perth Money Advice Service	414	414
Commercial Property Regeneration Grants	309	330
Churches Action for the Homeless	262	258
Pitlochry Festival Theatre	220	220
Food Initiatives Grant	152	0
Open for Business	115	0
Support for Businesses	101	0
Perth & Kinross Heritage Trust	100	97
Perthshire Women's Aid	98	78
Vacant Property Grants	61	49
Perth & Kinross Countryside Trust	30	30
Perth & Kinross Sports Council	11	11
Other Miscellaneous Grants	553	826
	<u>16,467</u>	<u>15,456</u>

14. Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

	2021/22	2020/21
	£'000	£'000
Expenditure/Income		
Expenditure		
Employee benefits expenses	258,067	228,025
Other services expenses	244,709	234,454
Net Contribution to Integration Joint Board	65,458	56,743
Support service recharges	2,140	2,077
Depreciation, amortisation, impairment	58,073	45,806
Interest payments	24,146	24,350
Total Expenditure	<u>652,593</u>	<u>591,455</u>
Income		
Fees, charges and other service income	151,040	141,489
Interest and investment income	2,019	2,595
Taxation and Non-Specific Grant Income	424,977	398,048
Government grants and contributions	57,919	54,045
Gain on the disposal of assets	13	121
Total Income	<u>635,968</u>	<u>596,298</u>
Deficit/(Surplus) on the Provision of Services	<u>16,625</u>	<u>(4,843)</u>

15. Agency Services

Agency arrangements operate in some Services where the Council undertakes work on behalf of other local authorities; Scottish Water; government; and other public bodies. The main items of income and related expenditure are shown below.

	2021/22 Income £'000	2021/22 Expenditure £'000	2020/21 Income £'000	2020/21 Expenditure £'000
<u>Education & Children's Services</u>				
Provision of Pupil Support Assistants to other local authorities	216	216	211	211
<u>Communities</u>				
Receipts from other local authorities for cross boundary bus services	18	18	17	17
<u>Corporate and Democratic Services</u>				
Income from Scottish Water	445	445	445	445
Totals	679	679	673	673

The Council issued Covid-related grants on behalf of the Scottish Government during 2021/22 to the value of £29.908m (£60.757m in 2020/21).

	2021/22 Income £'000	2021/22 Expenditure £'000	2020/21 Income £'000	2020/21 Expenditure £'000
<u>Education & Children's Services</u>				
Covid-related Grants to Partner Providers on behalf of Scottish Government	165	165	353	353
Covid-related Grants to Individuals on behalf of Scottish Government	462	462	0	0
<u>Corporate and Democratic Services</u>				
Covid-related Grants to Partner Providers on behalf of Scottish Government	1,821	1,821	0	0
Covid-related Grants to Businesses on behalf of Scottish Government:				
Business Support Fund Grant	0	0	37,024	37,024
Strategic Framework Business Support Fund	18,653	18,653	13,270	13,270
Strategic Framework Business Support Fund Top Up	0	0	8,020	8,020
Other	4,729	4,729	1,128	1,128
Covid-related Grants to Individuals on behalf of Scottish Government:				
	3,787	3,787	962	962
<u>Health & Social Care</u>				
Covid-related Grants to Individuals on behalf of Scottish Government:				
	291	291	0	0
Totals	29,908	29,908	60,757	60,757

16. External Audit Costs

In 2021/22 Perth and Kinross Council incurred the following fees relating to external audit services provided in accordance with the Code of Audit Practice:

	2021/22 £'000	2020/21 £'000
External Audit Fees	302	290

This includes £6,700 in respect of the audit of charitable trusts where the Council is the sole trustee (2020/21 £4,000).

17. Termination Benefits

The Council terminated the contract of one employee in 2021/22, incurring liabilities of £2,000.

18. Post-Employment Benefits

International Accounting Standard 19 'Employee Benefits' (IAS 19) prescribes how pension costs and liabilities are to be disclosed in the financial statements. The standard requires employing organisations to account for post-employment benefits in the period in which they are committed to give them, even if the actual payment of these benefits will be many years in the future. The following notes are prepared in accordance with the code guidance on disclosure requirements in respect of IAS 19.

Perth & Kinross Council participates in two different pension schemes, one for teaching staff and a separate scheme for all other employees.

Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers

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

The scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22, the Council paid £15.085 million to the Teachers' Pensions scheme in respect of teachers' retirement benefits, representing 23% of pensionable pay. The figures for 2020/21 were £14.552 and 23%. There were no contributions remaining payable at the year-end. Additional payments relating to added year's benefits, which the Council has inherited from predecessor authorities or awarded itself, together with related increases, amounted to £184,293 (2020/21 £197,797).

Pension Schemes Accounted for as Defined Benefit Pension Schemes

Local Government Pension Scheme

The post-employment scheme for other employees, subject to certain qualifying criteria, is the Local Government Pension Scheme (LGPS) which is administered in this area by Dundee City Council in respect of all local authorities and admitted bodies in the former Tayside area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data.

Benefits

- It is a Career Average Revalued Earnings scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension's liability with investment assets.
- The pension's accrual rate guarantees a pension based on 1/49th of career average revalued earnings and years of pensionable service. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

- The Tayside Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Tayside Pension Fund Committee. This Committee is comprised solely of elected members of Dundee City Council. Employing authorities (including Perth & Kinross Council) are represented at the Tayside Pension Fund Representative Forum.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as scheduled bodies) such as Perth & Kinross Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal Risks

- The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amount due by statute as described in the accounting policy note.

Discretionary Post-employment Benefits

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

The contributions paid into the scheme by employees and member pension benefits are prescribed, for the period to which the accounts relate, by the Local Government Pensions Scheme (Scotland) Regulations 1998 as amended. Perth & Kinross Council's contributions, as an employer, into the Tayside Pension Fund are subject to the advice of the Fund actuary.

The Local Government Pension Scheme allows for the award of discretionary post-employment benefits upon early retirement. This is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pension's liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury has confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 22 January 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

The Council's valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the Council has assumed that the Fund will be required to pay the entire inflationary increase. Therefore, the Council has not made any adjustments to the value placed on the liabilities as a result of the above outcome.

McCloud Judgement

On 20 December 2018 the Court of Appeal ruled that transitional arrangements offered to some public sector pension scheme members amounted to unlawful discrimination. This related to new schemes set up in 2015 which typically meant older workers could stay in the existing, more generous schemes, while younger workers had to transfer to the new schemes. In June 2019, the Supreme Court upheld the ruling.

Career Average Revalued Earnings Scheme (CARE)

The Local Government Pension Scheme changed from Final Salary to Career Average Revalued Earnings (CARE) on 1 April 2015, with a change of accrual rate from 1/60th to 1/49th. Employees who were previously paying into the Final Salary scheme were automatically transferred into the new CARE scheme on 1 April 2015.

Transactions Relating to Post-Employment Benefits

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

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Local Government Pension Scheme

	2021/22 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- Service Cost	52,636	32,503
Financing and Investment Income and Expenditure		
- Net Interest on the Defined Liability	2,132	2,645
Administration Expenses	414	273
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<u>55,182</u>	<u>35,421</u>
Remeasurement of the net defined benefit liability comprising:		
Expected return on pension fund assets in excess of interest	(36,421)	(224,110)
Other actuarial (gains)/losses on assets	0	(48,885)
Changes in demographic assumptions	0	(19,288)
Changes in financial assumptions	(50,896)	236,850
Experience Gain on defined benefit obligation	2,455	23,025
Total Post Employment Benefit Credited to the Comprehensive Income & Expenditure Statement	<u>(84,862)</u>	<u>(32,408)</u>
Movement in Reserves Statement		
- Reversal of net charges made to the surplus or deficit on the Provision of Services for post-employment benefits in accordance with the code	<u>(55,182)</u>	<u>(35,421)</u>
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions and direct payments payable to Tayside Pension Fund	<u>19,659</u>	<u>19,111</u>

Pensions 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 scheme is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Present Value of the Defined Benefit Obligation	1,114,919	1,105,952
Present Value of Unfunded Obligation	<u>25,304</u>	<u>27,100</u>
Closing Defined Benefit Obligation	1,140,223	1,133,052
Fair Value of Pension Fund Assets (Bid Value)	<u>(1,084,228)</u>	<u>(1,027,718)</u>
Net Liability in Balance Sheet	<u>55,995</u>	<u>105,334</u>

A reconciliation of Perth & Kinross Council's share of the present value of Tayside Pension Fund's defined benefit obligation (liabilities) is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Opening Defined Benefit Obligation	1,133,052	862,223
Current Service Cost	52,453	31,866
Interest Cost	22,304	20,017
Change in Financial Assumptions	(50,896)	236,850
Change in demographic assumptions	0	(19,288)
Experience Gain on Defined Benefit Obligation	2,455	23,025
Estimated Benefits Paid Net of Transfers In	(24,040)	(26,331)
Past Service Costs (including Curtailments)	183	637
Contributions by Scheme Participants	6,531	6,104
Unfunded Pension Payments	<u>(1,819)</u>	<u>(2,051)</u>
Closing Defined Benefit Obligation	<u>1,140,223</u>	<u>1,133,052</u>

A reconciliation of the movements in Perth & Kinross Council's share of the fair value of Tayside Pension Fund's assets is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Opening Fair Value of Scheme Assets	1,027,718	740,791
Interest on Assets	20,172	17,372
Return on Assets Less Interest	36,421	224,110
Other actuarial gains/ (losses)	0	48,885
Administration Expenses	(414)	(273)
Contributions by Employer Including Unfunded	19,659	19,111
Contributions by Scheme Participants	6,531	6,104
Estimated Benefits Paid Plus Unfunded Net of Transfers (Out)/In	<u>(25,859)</u>	<u>(28,382)</u>
Closing Fair Value of Scheme Assets	<u>1,084,228</u>	<u>1,027,718</u>

Perth & Kinross Council's share of Tayside Pension Fund's assets at 31 March 2022 comprised:

	31 March 2022		31 March 2021	
	£'000	%	£'000	%
Equities	767,767	71%	735,891	72%
Gilts	51,052	5%	40,638	4%
Other Bonds	129,435	12%	134,143	13%
Property	118,232	11%	93,932	9%
Cash	16,647	1%	21,648	2%
Alternatives	1,095	0%	1,466	0%
Total	1,084,228	100%	1,027,718	100%

A further breakdown of the assets is as follows:

	28 February 2022	29 February 2021
Equities		
Consumer	8%	8%
Manufacturing	3%	3%
Energy and Utilities	2%	2%
Financial Institutions	8%	9%
Health and Care	6%	5%
Information Technology	8%	9%
Others	10%	12%
Industrials	n/a	n/a
	45%	48%
Debt Securities		
Corporate Bonds	13%	12%
UK Government Bonds	1%	1%
Others	0%	1%
	14%	14%
Property		
UK Property	11%	10%
	11%	10%
Investment Fund Unit Trusts		
Equities	26%	24%
Bonds	2%	2%
	28%	26%
Cash & Cash Equivalents	2%	2%
Total	100%	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries. Estimates for the Tayside Pension Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

	2021/22	2020/21
Mortality Assumptions:		
Longevity at 65 for Current Pensioners:		
- Men	18.9	18.9
- Women	22.3	22.2
Longevity at 65 for Future Pensioners:		
- Men	20.3	20.4
- Women	23.9	23.8
Rate of Inflation CPI	3.2%	2.8%
Rate of Increase in Salaries	4.2%	3.8%
Rate of Increase in Pensions	3.2%	2.8%
Rate for Discounting Scheme Liabilities	2.6%	2.0%

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net liability of £55,995,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains sound.

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

The total contribution expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 is £17,454,000.

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Adjustment to discount rate	+0.1%	0.0%	-0.1%
- Present value of total obligation	£1,119,011,000	£1,140,223,000	£1,161,858,000
- Projected Service cost	£42,342,000	£43,735,000	£45,168,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
- Present value of total obligation	£1,143,179,000	£1,140,223,000	£1,137,291,000
- Projected Service cost	£43,759,000	£43,735,000	£43,711,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
- Present value of total obligation	£1,158,754,000	£1,140,223,000	£1,122,046,000
- Projected Service cost	£45,146,000	£43,735,000	£42,353,000
Adjustment to mortality age rating assumption	+ 1 year	None	-1 year
- Present value of total obligation	£1,196,876,000	£1,140,223,000	£1,086,409,000
- Projected Service cost	£45,785,000	£43,735,000	£41,765,000

Inflation Assumptions

The Fund Actuary has changed the standard approach to setting the CPI assumption, to take account of RPI reform which has been accounted for in the tables above.

19. Related Parties

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

Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills). Grants received from government departments are set out in the subjective analysis in Note 14 on expenditure and income analysed by nature.

Tayside Valuation Joint Board

The Tayside Valuation Joint Board provides services on behalf of Perth & Kinross, Angus and Dundee Councils. The Council does not have any direct control or influence over the board and the amount payable to this body for valuation services and electoral registration services was £1,583,000 (2020/21 £1,596,000). £1,307,000 is disclosed in the Comprehensive Income and Expenditure Statement under Valuation Joint Board and £276,000 under Corporate and Democratic Services for electoral and registration services.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in the Remuneration Report. During 2021/22, two councillors had an interest in businesses from which the Council commissioned works and services to the value of £4,500 and £6,705 respectively. Contracts were entered into in full compliance with the Council's standing orders and the Councillors' Code of Conduct.

In addition the Council makes revenue and capital payments to a large number of organisations on which Council members are represented.

Chief Officers

There are no significant related party transactions with Chief Officers of the Council.

Live Active Leisure Ltd

This organisation provides leisure services within the area served by the Council. A grant was provided in 2021/22 amounting to £4,863,000 (2020/21 £4,709,000). It is a sole member Company with the Council as that member.

Horsecross Arts Ltd

This organisation operates Perth Concert Hall and Perth Theatre. A grant was provided in 2021/22 amounting to £1,062,000 (2020/21 £1,176,000). It is a sole member Company with the Council as that member.

Culture Perth & Kinross Ltd

This organisation has operated libraries, museums and arts galleries in Perth & Kinross since 1 April 2016. A grant was provided in 2021/22 amounting to £3,175,000 (2020/21 £3,079,000). It is a sole member Company with the Council as that member.

Tayside Contracts Joint Committee

This organisation provides roads maintenance; catering and cleaning services to the Council. Payments to Tayside Contracts in 2021/22 amounted to £33,851,000 (2020/21 £28,086,000). The Joint Committee is administered and controlled by Dundee City, Angus and Perth & Kinross Councils.

Health and Social Care Partnership

This organisation is a joint venture between Perth & Kinross Council and Tayside Health Board and has since 1 April 2016 provided an integrated Health and Social Care service. Payments to the Health & Social Care Partnership in 2021/22 amounted to £87,105,000 (2020/21 £78,831,000) and receipts amounted to £21,647,000 (2020/21 £22,088,000).

20. Leases

Council as Lessee

The Council operates a Lease Car Scheme which is available to eligible employees and lease rental payments are recovered from employees. The car leasing agreements are due to expire during the financial years 2022/23 to 2024/25.

The Council has also acquired the use of a number of properties by entering into leasing arrangements. The majority of such properties are used for office accommodation and any capital works undertaken within these premises are written down over the shorter of the lease term or the useful life of the property.

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

	2021/22	2020/21
	£'000	£'000
Not later than one year	149	153
Later than one year and not later than five years	309	348
Later than five years	563	601
	<u>1,021</u>	<u>1,102</u>

The expenditure charged to the Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2021/22	2020/21
	£'000	£'000
Minimum lease payments	156	167
Sublease payments receivable	(17)	(13)
	<u>139</u>	<u>154</u>

Council as Lessor

The Council leases out property under operating leases at normal market rents with the following purpose:

Land for the generation of rental income arising from its use; land and buildings, which include offices and shops, for the supply of suitable business accommodation to promote economic development or satisfy social needs, or to solely generate rental income for the Council.

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

	2021/22	2020/21
	£'000	£'000
Not later than one year	1,321	1,272
Later than one year and not later than five years	4,600	4,384
Later than five years	49,029	48,721
	<u>54,950</u>	<u>54,377</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no material adjustments in respect of contingent rents during the years 2020/21 and 2021/22.

21. Property, Plant and Equipment

Movements on Fixed Assets 2021/22 in respect of Property, Plant & Equipment are shown below:

Movements in 2021/22	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Sub Total c/fwd £'000
<u>Gross Book Value</u>					
As at 1 April 2021	320,016	672,763	53,298	23,567	1,069,644
Additions	10,550	11,373	13,112	1,173	36,208
Revaluation increases recognised in the Revaluation Reserve	0	19,466	0	0	19,466
Revaluation decreases recognised in the Revaluation Reserve	0	(13,663)	0	0	(13,663)
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	0	8,140	0	0	8,140
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	0	(34,190)	0	0	(34,190)
Derecognition - disposals	(652)	(350)	(4,441)	0	(5,443)
Asset reclassifications	16,081	(1,433)	0	0	14,648
Other Movements	0	(2)	0	0	(2)
As at 31 March 2022	<u>345,995</u>	<u>662,104</u>	<u>61,969</u>	<u>24,740</u>	<u>1,094,808</u>
<u>Depreciation</u>					
As at 1 April 2021	(15,957)	(54,403)	(35,017)	(12,746)	(118,123)
Depreciation charge for 2021/22	(12,484)	(17,074)	(7,447)	(1,230)	(38,235)
Depreciation written out to the Revaluation Reserve - revaluation gain	0	14,032	0	0	14,032
Depreciation written out to the Revaluation Reserve - revaluation loss	0	2,474	0	0	2,474
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation gain	0	6,891	0	0	6,891
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation loss	0	13,432	0	0	13,432
Derecognition - disposals	612	17	4,322	0	4,951
Asset reclassifications	0	449	0	0	449
As at 31 March 2022	<u>(27,829)</u>	<u>(34,182)</u>	<u>(38,142)</u>	<u>(13,976)</u>	<u>(114,129)</u>
Net Book Value at 31 March 2022	<u>318,166</u>	<u>627,922</u>	<u>23,827</u>	<u>10,764</u>	<u>980,679</u>

Property, Plant and Equipment cont'd
Movements in 2021/22

	Sub total b/fwd £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000	PFI & DBFM Assets Included in PPE £'000
<u>Gross Book Value</u>					
As at 1 April 2021	1,069,644	1,770	19,723	1,091,137	174,027
Additions	36,208	1	20,953	57,162	21
Revaluation increases recognised in the Revaluation Reserve	19,466	119	0	19,585	0
Revaluation decreases recognised in the Revaluation Reserve	(13,663)	0	0	(13,663)	0
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	8,140	201	0	8,341	0
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(34,190)	(620)	0	(34,810)	(485)
Derecognition - disposals	(5,443)	(283)	0	(5,726)	0
Asset reclassifications	14,648	685	(15,333)	0	0
Other Movements	(2)	0	0	(2)	0
As at 31 March 2022	1,094,808	1,873	25,343	1,122,024	173,563
<u>Depreciation</u>					
As at 1 April 2021	(118,123)	0	0	(118,123)	(4,976)
Depreciation charge for 2021/22	(38,235)	0	0	(38,235)	(4,751)
Depreciation written out to the Revaluation Reserve - revaluation gain	14,032	0	0	14,032	0
Depreciation written out to the Revaluation Reserve - revaluation loss	2,474	0	0	2,474	0
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation gain	6,891	449	0	7,340	218
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation loss	13,432	0	0	13,432	0
Derecognition - disposals	4,951	0	0	4,951	0
Asset reclassifications	449	(449)	0	0	0
As at 31 March 2022	(114,129)	0	0	(114,129)	(9,509)
Net Book Value at 31 March 2022	980,679	1,873	25,343	1,007,895	164,054

The reporting of book values for Infrastructure assets is amended following the issue of the Local Government Finance Circular 09/2022. The Finance Circular outlines historic issues for the consistent accounting treatment of derecognised infrastructure components and the reporting of book values by local authorities. A CIPFA task group is progressing a remedy and the CIPFA Code will be updated in due course. To satisfy the audit of the 2021/22 accounts, the following statutory overrides are provided in the Circular: -

Statutory 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.

Statutory 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 to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

The Council has elected to adopt both statutory overrides. The total for all PPE in table below.

	£'000
Total PPE (above)	1,007,895
Infrastructure Assets	247,686
Total PPE at 31 March 2022 (including Infrastructure Assets)	1,255,581

Property, Plant and Equipment cont'd

Comparative Movements in 2020/21

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Sub Total c/fwd £'000
<u>Gross Book Value</u>						
As at 1 April 2020	304,598	647,950	51,275	360,167	22,753	1,386,743
Additions	7,075	13,973	8,193	12,880	814	42,935
Revaluation increases recognised in the Revaluation Reserve	0	11,164	0	0	0	11,164
Revaluation decreases recognised in the Revaluation Reserve	0	(3,489)	0	0	0	(3,489)
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	0	4,344	0	0	0	4,344
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	0	(474)	0	0	0	(474)
Derecognition - disposals	(403)	(160)	(6,170)	0	0	(6,733)
Asset reclassifications	8,746	(545)	0	0	0	8,201
Other Movements	0	0	0	0	0	0
As at 31 March 2021	320,016	672,763	53,298	373,047	23,567	1,442,691
<u>Depreciation</u>						
As at 1 April 2020	(4,983)	(61,377)	(34,576)	(131,366)	(11,531)	(243,833)
Depreciation charge for 2020/21	(11,377)	(20,020)	(6,400)	(12,155)	(1,215)	(51,167)
Depreciation written out to the Revaluation Reserve - revaluation gain	0	24,357	0	0	0	24,357
Depreciation written out to the Revaluation Reserve - revaluation loss	0	147	0	0	0	147
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation gain	0	2,279	0	0	0	2,279
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation loss	0	154	0	0	0	154
Derecognition - disposals	403	0	5,959	0	0	6,362
Asset reclassifications	0	57	0	0	0	57
As at 31 March 2021	(15,957)	(54,403)	(35,017)	(143,521)	(12,746)	(261,644)
Net Book Value at 31 March 2021	304,059	618,360	18,281	229,526	10,821	1,181,047

Property, Plant and Equipment cont'd

Comparative Movements in 2020/21

	Sub total b/fwd £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000	PFI Assets Included in PPE £'000
Gross Book Value					
As at 1 April 2020	1,386,743	1,735	13,708	1,402,186	171,315
Additions	42,935	13	14,761	57,709	300
Revaluation increases recognised in the Revaluation Reserve	11,164	15	0	11,179	3,984
Revaluation decreases recognised in the Revaluation Reserve	(3,489)	(20)	0	(3,509)	(3,210)
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	4,344	(10)	0	4,334	1,683
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(474)	(258)	0	(732)	(45)
Derecognition - disposals	(6,733)	(250)	0	(6,983)	0
Asset reclassifications	8,201	545	(8,746)	0	0
Other Movements	0	0	0	0	0
As at 31 March 2021	1,442,691	1,770	19,723	1,464,184	174,027
Depreciation					
As at 1 April 2020	(243,833)	0	0	(243,833)	(23,779)
Depreciation charge for 2020/21	(51,167)	0	0	(51,167)	(4,799)
Depreciation written out to the Revaluation Reserve - revaluation gain	24,357	0	0	24,357	21,436
Depreciation written out to the Revaluation Reserve - revaluation loss	147	0	0	147	0
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation gain	2,279	33	0	2,312	2,166
Depreciation written out to the Surplus/Deficit on the Provision of Services - revaluation loss	154	24	0	178	0
Derecognition - disposals	6,362	0	0	6,362	0
Asset reclassifications	57	(57)	0	0	0
As at 31 March 2021	(261,644)	0	0	(261,644)	(4,976)
Net Book Value at 31 March 2021	1,181,047	1,770	19,723	1,202,540	169,051

Capital Commitments

At 31 March 2022, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £142.43m. Similar commitments at 31 March 2021 were £37.975m. The total commitment is made up of the following:

	2021/22 £'000	2020/21 £'000
Cultural Attractions	12,310	22,381
Education Projects	21,347	11,270
Roads & Bridges Improvement Schemes	101,203	1,569
Flood Protection	0	361
Council Dwellings	2,653	1,714
Community Assets	3,869	0
Other Capital Projects	1,048	680
	<u>142,430</u>	<u>37,975</u>

Education Projects include Riverside Primary School. Roads & Bridges Improvement Schemes includes the Cross Tay Link Road.

Valuation of Assets

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at its current value is revalued at least every five years.

The Council commissioned a valuation for a selection of schools which was performed during the last quarter of financial year 2021/22. In addition, the Council's internal valuers performed valuations for a number of assets, including investment properties, other schools and properties requiring revaluation due to redevelopment or a change of use, during the last quarter of financial year 2021/22. In applying the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), the valuation reports include an explanatory note which provides an update on market conditions and confirms that some markets have started to function again and there is adequate evidence on which to base an opinion of value. However, uncertainties do remain and there is the potential for markets to move rapidly in response to future changes in the control Covid-19 and the effects of conflict in Eastern Europe.

The valuation reports have been used to inform the measurement of non-current assets in these financial statements. The valuers have continued to exercise professional judgement in preparing the valuations and, therefore, this is the best information available to Council as at 31 March 2022 and can be relied upon.

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty provides additional information.

Surplus Assets are valued annually on a fair value basis. In terms of the fair value hierarchy, all Surplus Assets are valued at Level 2 and there were no transfers between Levels during the year.

	Council Dwellings £'000	Other Land and Buildings £'000	Surplus Assets £'000	Total £'000
Carried at historical cost	51,641	16,889	798	69,328
Values at current value as at:				
31 March 2022	0	303,662	785	304,447
31 March 2021	0	208,818	290	209,108
31 March 2020	294,354	4,071	0	298,425
31 March 2019	0	87,245	0	87,245
31 March 2018	0	41,421	0	41,421
Total Cost or Valuation	345,995	662,106	1,873	1,009,974

Changes in Estimates

The Council has made no material changes to accounting estimates for Property, Plant and Equipment in 2021/22.

22. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council

	Art Collection £'000	War Memorials £'000	Other £'000	Total £'000
<i>Cost or Valuation</i>				
Balance at 1 April 2020	27,733	48	0	27,781
Additions	0	0	0	0
Revaluations	24,007	0	0	24,007
Balance at 31 March 2021	51,740	48	0	51,788
<i>Cost or Valuation</i>				
Balance at 1 April 2021	51,740	48	0	51,788
Additions	0	0	26	26
Revaluations	0	0	0	0
Balance at 31 March 2022	51,740	48	26	51,814

Art Collection

The collection of Fine Art maintained and preserved by Culture Perth and Kinross, on behalf of Perth & Kinross Council is varied and includes oil paintings (approx 1,225 items), watercolours (900), drawings (4,000), prints (1,500), and sculptures (150). The Fine Art collection also includes J D Fergusson and Margaret Morris archives which number approximately 30,000 items and include a number of significant works.

The Art Collection also includes silver, glass, ceramics, furniture, Oriental materials, horology and metalwork; these are collectively identified as Applied Art.

Curators within Culture Perth & Kinross, commenced in 2011/12, a rolling programme of valuation for items and collections having significant value. The valuation programme is complete and the curators review, on an annual basis, the value of items within the collection which may be influenced by market trends.

There were no significant additions to Heritage Assets in 2020/21 or 2021/22.

Additions and Disposals of Heritage Assets

There has been no significant addition, either by purchase or donation, to the Fine and Applied Art collection during the current and previous five financial years. The majority of the collections are held in perpetuity, or have disposal conditions attached, and consequently no Fine and Applied Art disposals have occurred during the current and previous five financial years.

Fine and Applied Art

The Fine Art collection owes its existence largely to the 1,926 bequests of local patrons Robert Hay Robertson and Robert Brough, although the first painting entered the collection as early as 1785.

The collection is international in its scope and numbers over 4,000 items. It includes an interesting group of Italian 'Old Masters', a small but important group of 19th Century French works, a good group of 17th century Dutch and Flemish paintings and work by English artists including a small but highly important collection of natural history watercolours by Beatrix Potter.

Its greatest strength however lies in its holding of Scottish pictures. These span the 16th to the 21st century and include such important works as Loch Katrine by Horatio McCulloch and D Y Cameron's The Wilds of Assynt, as well as pictures with strong local connections. Amongst these are pictures by local artists, local topographical views and portraits of local individuals. The collection seeks to retain a balance between the historical and the contemporary aspects whilst continuing to develop the holdings of works of specifically local interest.

In 1991 the collection was effectively doubled in size with the gifting of the J D Fergusson Art Foundation's collection of artworks by the Scottish 'Colourist' John Duncan Fergusson (1874-1961) and its associated archive. This collection is housed at the Fergusson Gallery in Perth.

The Applied Art collection has been acquired since 1785 through purchase, gift or bequest. It covers a wide variety of objects and materials, within which the collections of Perth silver and Perthshire glass are unsurpassed in terms of national importance. The ceramics collection contains significant collections of Staffordshire flat-back figures and Martinware studio pottery as well as a collection of studio pottery produced by potters native to or resident in the Perth & Kinross area. Other smaller collections include furniture, timepieces, oriental and other items.

The promotion of other cultural events and programmes during the year makes it difficult to reliably estimate the percentage of the Art Collection on display for public viewing. However, all items are held in secure storage and access is permitted to scholars and others for research purposes.

The museum collection also includes History and Natural History collections for which an amount of insurance cover has been obtained. These objects and collections, in most instances, are rare and irreplaceable and there is insufficient evidence on which to place a reliable estimate of value. There are in excess of 289,000 items within the History and Natural History collections and the cost of obtaining valuations would be disproportionate in terms of any benefit derived to the user of the financial statements. On this basis, the History and Natural History collections are, therefore, excluded from the carrying value of Heritage Assets held by the Council.

The Culture Perth and Kinross Limited Collections Management Framework provides guidance on the collection, disposal or lending of heritage assets.

23. Investment Properties

	2021/22 £'000	2020/21 £'000
Rental income from investment property	(987)	(977)
Direct operating expenses arising from investment property	83	107
Balance at end of year	<u>(904)</u>	<u>(870)</u>

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

	2021/22 £'000	2020/21 £'000
Balance at start of year	13,140	13,290
Disposals	(145)	(75)
Net gains/(losses) from fair value adjustments	1,065	(75)
Balance at end of year	<u>14,060</u>	<u>13,140</u>

All of the Authority's investment properties are valued at Level 2 on the fair value hierarchy. Values as at 31 March 2021 and 31 March 2022 are as follows:

	Other Significant Observable Inputs (Level 2)	
	2021/22 £'000	2020/21 £'000
Recurring fair value measurements using:		
Industrial and Commercial Land	12,965	11,895
Shops and Offices	790	895
Other Investment Properties	305	350
Total Fair Value	<u>14,060</u>	<u>13,140</u>

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The majority of the value of Industrial and Commercial Land relates to sites leased out on ground leases. Market data is available at national and local levels from sector specialists to provide the valuers with information, such as trends and rent yields, for the commercial and industrial markets. Local market activity for ground leases tends to follow national trends and valuations are undertaken using a discounted income approach. Ground leases are longer term arrangements and sites of this nature enjoy 100% occupancy levels; the rental income stream is known and market data for rent yields is available, all of which are observable input. As a result of the conditions of the ground lease agreement, there is no unobservable input. The valuation of investment land leased out on a ground lease therefore requires the use of observable market data and minimal, if any, unobservable data and is regarded as Level 2.

Market data providing information on trends and rent yield is available from sector specialists for leased Shops and Offices. Local market data is used to assist the valuation process, and valuations are undertaken using the income approach, discounted using market rates to arrive at a net present value for the income stream. The valuer will also consider other factors, such as the age and condition of the property, when arriving at the final valuation. This requires judgement; however any unobservable input is not considered to be significant in terms of any adjustment to the fair value of the property. The valuation of the shops and offices is mainly representative of the available market data, and the valuation input is primarily based on observable data. Therefore the properties are categorised as Level 2.

Other Investment Properties primarily relate to land held for development by the private sector, which will generate a receipt to the Council on disposal. Sites held for redevelopment are valued on the basis of the highest and best use of the site, taking into account adjacent and surrounding property, recent market activity, and development plan restrictions. The valuation of these sites is therefore based upon observable input, i.e. local market data, and as such will be regarded as Level 2.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the Head of Finance on a regular basis regarding all valuation matters.

The valuation reports have been used to inform the measurement of Investment properties in these financial statements. The valuers have continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to Council as at 31 March 2022 and can be relied upon.

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty provides additional information.

24. Intangible Assets

The movement on Intangible Asset balances during the year is as follows:

	2021/22 Assets £'000	2020/21 Assets £'000
Balance at start of year		
Gross carrying amount	2,965	2,948
Accumulated amortisation	(2,644)	(1,969)
Net carrying amount at start of year	<u>321</u>	<u>979</u>
Additions: Purchases	2,241	17
Disposals: Gross Carrying Amount	(1,563)	0
Disposals: Accumulated Amortisation	1,563	0
Amortisation for the period	(888)	(675)
Net carrying amount at end of year	<u>1,674</u>	<u>321</u>
Comprising:		
Gross carrying amounts	3,643	2,965
Accumulated amortisation	(1,969)	(2,644)
	<u>1,674</u>	<u>321</u>

Intangible Assets include the cost of software licences and bespoke software solutions deemed to provide future benefit to the Council. These items have been included and amortised over their perceived useful life.

25. Assets Held for Sale

	Current		Non Current	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance outstanding at start of year	126	126	550	719
Assets sold	0	0	0	(181)
Other movements	147	0	(147)	12
Balance outstanding at year end	<u>273</u>	<u>126</u>	<u>403</u>	<u>550</u>

26. Long Term Debtors

	2021/22 £'000	2020/21 £'000
Other Entities & Individuals	613	689
Total	<u>613</u>	<u>689</u>

27. Inventories

	Consumables & Maintenance Materials	
	2021/22 £'000	2020/21 £'000
Balance outstanding at start of year	525	470
Purchases	3,559	2,857
Recognised as an expense in the year	(3,507)	(2,802)
Written off balances	1	0
Balance outstanding at end of year	<u>578</u>	<u>525</u>

28. Debtors

	2021/22 £'000 Gross	2021/22 £'000 Net	2020/21 £'000 Gross	2020/21 £'000 Net
Scottish Government		17,433		11,707
Central Government		6,350		9,175
Other Local Authorities		1,743		374
NHS Bodies		1,416		918
Public Corps & Trading funds		99		0
Other Entities & Individuals	17,399		17,524	
less Impairment	<u>(9,321)</u>		<u>(8,870)</u>	
		8,078		8,654
Trade	7,333		7,186	
less Impairment	<u>(1,032)</u>		<u>(1,162)</u>	
		6,301		6,024
Council Tax	20,302		19,596	
less Impairment	<u>(15,670)</u>		<u>(14,849)</u>	
		4,632		4,747
Total		<u>46,052</u>		<u>41,599</u>

29. Creditors

	2021/22 £'000	2020/21 £'000
Scottish Government	(4,458)	(8,621)
Central Government	(6,544)	(6,040)
Other Local Authorities	(4,051)	(3,205)
NHS Bodies	(306)	(275)
Public Corporations and Trading Funds	(603)	(587)
Other Entities and Individuals	(26,979)	(23,979)
Trade Creditors	(30,629)	(26,159)
Total	<u>(73,570)</u>	<u>(68,866)</u>

30. Provisions Other than Bad and Doubtful Debts

Self-Insured/Uninsured Losses

The Insurance Fund makes provision for losses arising from Property, Employers' Liability, Public Liability, Motor, Fidelity Guarantee, Computer, Engineering and Travel/Personal Accident claims.

The provision provides for an estimate of all liabilities likely to be incurred by the Council in respect of self-insured and uninsured losses in respect of incidents that have arisen prior to 1 April 2022.

Compensation Payments

The Council has made provision for a number of potential compensation claims arising from significant capital projects within the Council's capital programme.

Commercial Rent

The Council manages the rental leases for a number of commercial properties. The Council had previously made provision for rent refunds due to the downturn in the economic climate affecting retail trading performance. The provision at 31 March 2022 is to meet any potential liability for the years 2020/21 and 2021/22.

	Self Insured/ Uninsured Losses £'000	Compensation Payments £'000	Commercial Rent £'000	Total £'000
Balance as at 1 April 2021	1,690	691	40	2,421
Additional provisions made in 2021/22	1,675	3,606	0	5,281
Amounts used in 2021/22	(652)	(187)	0	(839)
Balance as at 31 March 2022	<u>2,713</u>	<u>4,110</u>	<u>40</u>	<u>6,863</u>
Balance Sheet Disclosure:				
Less than 12 months	303	3,581	20	3,904
Over 12 months	2,410	529	20	2,959
	<u>2,713</u>	<u>4,110</u>	<u>40</u>	<u>6,863</u>

31. Usable Reserves

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

32. Unusable Reserves

	2021/22 £'000	2020/21 £'000
Revaluation Reserve	(332,433)	(317,769)
Capital Adjustments Account	(372,978)	(353,777)
Financial Instruments Adjustment Account	17,650	18,376
Pensions Reserve	55,995	105,334
Employee Statutory Adjustment Account	8,003	7,813
Total Unusable Reserves	<u>(623,763)</u>	<u>(540,023)</u>

Revaluation Reserve

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

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

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

	2021/22 £'000	2020/21 £'000
Balance at 1 April	(317,769)	(267,918)
Upward revaluation of assets	(33,616)	(63,829)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	11,189	7,648
	<u>(340,196)</u>	<u>(324,099)</u>
Difference between fair value depreciation and historical cost depreciation	7,454	6,065
Accumulated gains on assets sold or scrapped	309	265
Amount written off to the Capital Adjustment Account	7,763	6,330
Balance at 31 March	<u>(332,433)</u>	<u>(317,769)</u>

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 and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

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

	2021/22 £'000	2020/21 £'000
Balance at 1 April	(353,777)	(346,950)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non current assets	44,033	51,167
Revaluation losses on Property, Plant and Equipment	5,698	(6,092)
Amortisation of intangible assets	888	675
Amounts of non current assets written off on disposal as part of the gain/loss	918	877
	<u>(302,240)</u>	<u>(300,323)</u>
Adjusting amounts written out of the Revaluation Reserve	<u>(309)</u>	<u>(6,330)</u>
	<u>(302,549)</u>	<u>(306,653)</u>
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(992)	(1,136)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(46,627)	(22,639)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,643)	(2,102)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14,344)	(14,553)
Capital expenditure charged against the general fund and HRA balances	<u>(4,758)</u>	<u>(6,769)</u>
	<u>(371,913)</u>	<u>(353,852)</u>
Movements in the fair value of the Investment Properties	(1,065)	75
	<u>(372,978)</u>	<u>(353,777)</u>

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) is used to hold the losses or gains arising on the early redemption of loans per statutory provisions, as well as the historic timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments. These statutory provisions allow for annual charges to be made in accordance with the original amortisation schedules which existed at the time the provisions were introduced.

The Council uses the Account to manage the balance of premiums and discounts which existed at 31 March 2007 which arose on the early redemption of loans. Any premiums or discounts incurred or received after this date are also held in this Account. These are subsequently charged to the General Fund and Housing Revenue Account (HRA) in accordance with statutory provisions, and so spreading the burden on Council Tax and Housing Rents.

The Council also uses the FIAA to hold the difference in interest charges which arose on stepped interest rate loans. These had low interest rates in the early years before "stepping up" to a higher interest rate. Interest on such loans is now required to be charged consistently over the life of the loan using the Effective Interest Rate Method. The difference in the cumulative charges to 31 March 2007 under this new method was debited to the FIAA and will be charged to the General Fund and the HRA over the life of the loans under the statutory provisions.

Accordingly, the balance on the FIAA as at 31 March 2022 in respect of the above provisions will be charged to the General Fund and HRA over the next 46 years. The movements on the FIAA during the year are shown below:

	2021/22 £'000	2020/21 £'000
Balance at 1 April	18,376	19,101
Proportion of discounts incurred in previous financial years credited against the General Fund & HRA Balance in accordance with statutory requirements in the year	4	4
Proportion of premiums incurred in previous financial years charged against the General Fund & HRA Balance in accordance with statutory requirements in the year	(711)	(711)
Difference on restatement of Stepped Interest Rate Loans	(19)	(18)
	<u>17,650</u>	<u>18,376</u>
Balance at 31 March	<u>17,650</u>	<u>18,376</u>

Pensions Reserve

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

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	105,334	121,432
Actuarial Losses on Pensions Assets and Liabilities	(84,862)	(32,408)
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	55,182	35,421
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(19,659)	(19,111)
Balance at 31 March	<u>55,995</u>	<u>105,334</u>

Employee Statutory Adjustment Account

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

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	7,813	6,403
Cancellation of accrual made at the end of the preceding year	(7,813)	(6,403)
Amounts accrued at the end of the current year	8,003	7,813
Balance at 31 March	<u>8,003</u>	<u>7,813</u>

33. Impairment Losses

Movements in the value of properties during the year were mainly due to the revaluation of nursery, primary and secondary school sites, and various individual operational buildings such as industrial units and shops. Investment properties were also revalued during 2021/22. All losses arising have been assessed as a revaluation loss rather than a loss attributed to deterioration in the anticipated level of the performance of the properties.

34. Grants

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

	2021/22	2020/21
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Scottish Government	37,607	18,701
Scottish Government Bodies & Directorates	7,232	2,946
Developer Contributions	1,006	2,451
Other Third Party Contributions	782	1,184
	<u>46,627</u>	<u>25,282</u>
Credited to Services		
Scottish Government	34,836	30,588
Scottish Government Bodies & Directorates	329	232
Sport Scotland	413	380
Other Third Party Contributions	4,280	2,076
	<u>39,858</u>	<u>33,276</u>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned. The funding includes Covid-19 specific grant received from the Scottish Government in 2021/22 for distribution to businesses impacted by the pandemic. The Covid-19 grant under spend has been treated as a liability pending confirmation that the funding may be distributed by the Council in 2022/23 to provide further support to businesses. The balance at the year-end is as follows:

	2021/22 £'000	2020/21 £'000
Revenue Grants - Received in Advance		
Scottish Government - Covid-19 funding for businesses	960	4,788
Scottish Government - Town Centre Fund	26	2,234
Other grants and contributions	330	113
Balance at 31 March	<u>1,316</u>	<u>7,135</u>

35. Capital Expenditure and Capital Financing

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

	2021/22 £'000	2020/21 £'000
Capital Financing Requirements b/fwd	596,919	583,662
<u>Capital Expenditure</u>		
Property, Plant & Equipment	88,600	57,720
Intangible Assets	2,241	17
Revenue Expenditure funded from Capital	3,567	1,531
CAA Historic adjustment	0	2,720
	<u>94,408</u>	<u>61,988</u>
	<u>691,327</u>	<u>645,650</u>
<u>Sources of Finance</u>		
Capital Receipts	(995)	(1,137)
Government Grants and Contributions	(52,840)	(26,272)
Revenue Contributions	(4,758)	(6,769)
Loans Fund Principal Repayments	<u>(14,344)</u>	<u>(14,553)</u>
	<u>(72,937)</u>	<u>(48,731)</u>
Closing Capital Financing Requirement c/fwd	<u>618,390</u>	<u>596,919</u>
Movement	21,471	13,257
<u>Analysed as:</u>		
Increase in need to borrow	26,493	18,231
Net assets acquired under PPP contract	<u>(5,022)</u>	<u>(4,974)</u>
	<u>21,471</u>	<u>13,257</u>

36. Public Finance Initiatives and Similar Contracts

The Council has an obligation for 25 years commencing September 2000 in respect of a unitary charge payment to be made for office accommodation and a car park.

The unitary charge for 2021/22 for the office accommodation was £2,435,000 (2020/21 £2,426,000).

The unitary charge for 2021/22 for the car park was £382,000 (2020/21 £342,000).

Future agreed payments will increase in line with inflation. The unitary charge payments for 2022/23 for the office accommodation will be £2,570,000 and for the car park is £380,000.

The project agreement for provision of the facilities included the transfer of four Council properties to the operator in exchange for reduced annual payments over the life of the agreement. At the end of this project these assets do not revert back to the Council.

The Council has an obligation for six school campuses in a Public Private Partnership with Axiom Education (Perth and Kinross) Ltd. North Inch Primary was brought into operation in 2011/12. Breadalbane Campus at Aberfeldy was completed in 2010/11 and the campuses at Blairgowrie, Perth South, Kinross, Crieff and the Roman Catholic School Campus were brought into operation during 2009/10. The Council will make unitary charge payments until the contract

ends in 2042, at which time the campuses will be handed back to the Council at no cost. The estimated capital value of the scheme is £127,687,000.

The unitary charge for 2021/22 for the campuses operating in the year was £17,684,000 (2020/21 £17,445,000).

Future agreed payments will increase in line with inflation. The unitary charge payments for 2021/22 for all school campuses will be £19,064,000.

During 2019/20 the Council incurred an obligation for Bertha Park High School with the asset and liability recognised in the Statement of Accounts. The unitary charge for 2021/22 was £3,057,000 (2020/21 £3,056,000).

Future agreed payments will increase in line with inflation. The unitary charge for 2022/23 for Bertha Park will be £3,122,000.

Movements in Fixed Assets under Public Private Partnerships during the year were:

	2021/22 £'000	2020/21 £'000
Net Book Value at 1 April 2021	169,051	147,536
Additions	21	300
Reclassification	0	0
Revaluations	(485)	2,412
Depreciation	(4,751)	(4,799)
Depreciation write back	218	23,602
Net Book Value at 31 March 2022	<u>164,054</u>	<u>169,051</u>

Movements in Public Private Partnership Liabilities during the year were:

	2021/22 £'000	2020/21 £'000
Liabilities at 1 April 2021	132,213	137,187
Additional liabilities	0	0
Amounts repaid in year	(5,022)	(4,974)
Liabilities at 31 March 2022	<u>127,191</u>	<u>132,213</u>

Disclosed in the Balance Sheet as:

Long Term Liabilities	121,326	127,194
Creditors	5,865	5,019
Liabilities at 31 March 2022	<u>127,191</u>	<u>132,213</u>

Future Public Private Partnership liabilities due to be met:

	Repayment of liability £'000	Interest £'000	Service Charges £'000	Lifecycle Maintenance £'000	Contingent Rentals £'000	TOTAL £'000
Due within one year	5,864	6,395	7,284	2,187	2,655	24,385
Due in 2 to 5 years	21,930	21,358	29,580	12,117	12,165	97,150
Due in 6 to 10 years	23,787	20,964	38,966	19,573	20,289	123,579
Due in 11 to 15 years	32,909	14,534	44,443	16,743	29,835	138,464
Due in 16 to 20 years	37,858	6,021	45,867	17,266	34,604	141,616
Due in 21 to 25 years	4,843	390	1,154	1,829	0	8,216
Total	<u>127,191</u>	<u>69,662</u>	<u>167,294</u>	<u>69,715</u>	<u>99,548</u>	<u>533,410</u>

These figures are based on the actual cash amount estimated to be payable and not on prices at 31 March 2022.

37. Authorisation of Annual Accounts

The Unaudited Annual Accounts were authorised for issue by the Head of Finance on 28 June 2022 and the Audited Annual Accounts were authorised for issue on 27 September 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

38. Contingent Liabilities

The Council has made provision for insurance claims where appropriate and has an Insurance Fund to manage insurable risks. There is also a contingent liability in respect of potential insurance claims incurred but not reported which cannot be forecast with any certainty.

There is a contingent liability relating to Municipal Mutual Insurance (MMI), who were the insurers for Tayside Regional Council (TRC). Following a Supreme Court judgement in November 2012 a scheme of arrangement has been put in place where MMI will seek to recover, from the scheme members or successors, 25% (and increase from 15% applied after April 2016) of all claims paid out since 1993 on policies taken out by TRC (less an overall total reduction of £50,000). Perth and Kinross Council is one of the successor bodies of TRC. There is now a risk that the remaining assets of the TRC Insurance Fund will not be sufficient to meet all future liabilities due to the long time horizon for certain types of claims.

The Limitation (Childhood Abuse) (Scotland) Act 2017 came into force on 4 October 2017 and removed the time limit on raising civil court actions relating to childhood abuse. The Council has received a small number of claims, however, it is not possible to determine with any certainty whether there is any liability at this time until the claims are fully investigated. In addition, it is not possible to estimate the potential financial effect in respect of future claims the Council may receive due to a number of uncertainties. This includes the number of claims which may arise and the extent of compensation which could arise. Additionally the extent of re-imbursement which might arise from historic or current insurance policies cannot currently be assessed. The Council may also receive claims in respect of Educational provision. The national historic abuse redress scheme launched in 2022.

The Council has a number of contracts for the upgrade and redevelopment of buildings and infrastructure. Claims relating to compensation for works and land purchases for several schemes are currently being negotiated or refuted.

The Council previously identified a potential issue in terms of fixed assets included in the Council Balance Sheet which should, potentially, be included in the Balance Sheet of the Common Good Funds instead. The Community Empowerment (Scotland) Act 2015 requires the Council to establish and maintain a list of property which is held as part of the Common Good. The review of property titles to facilitate the eventual publication of the list has commenced, however, until the review is complete property titles are being reviewed when land and/or buildings are declared surplus to operational needs. Until all property titles for all former burghs are reviewed, there remains the possibility that some assets may require to be transferred between the Council and Common Good balance sheets.

The Council operates services from a number of properties that it does not own. In the future there may be a liability in respect of property costs to reinstate buildings to their original specification and design.

The Council has a potential liability in respect of financial guarantees for the Tayside Pension Fund in respect of Scheduled Bodies and Admitted Bodies should they cease to exist, withdraw from the Pension Scheme or otherwise become unable to continue covering any unfunded liabilities. These bodies include Tayside and Central Scotland Transport Partnership, Live Active Leisure Ltd, Horsecross Arts Limited, Perth & Kinross Countryside Trust, Perth & Kinross Society for the Blind, Perth Citizens' Advice Bureau and Culture Perth & Kinross. In addition the Council has a potential liability in respect of pensions for the Convention of Scottish Local Authorities (COSLA) should the organisation cease to exist, and for potential equal pay claims.

39. Financial Instruments

Accounting regulations require the 'financial instruments' (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of 'financial instruments'.

	Long-Term		Current		Total	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Borrowings						
Financial liabilities at amortised cost	604,507	522,523	14,754	67,746	619,261	590,269
Total borrowings	604,507	522,523	14,754	67,746	619,261	590,269
Investments						
Loans and receivables	580	45,766	248,070	189,303	248,650	235,069
Total investments	580	45,766	248,070	189,303	248,650	235,069

Lender Option Borrower Option (LOBO) borrowings of £44.371 million have been included in long term borrowing as at 31 March 2022 but have a call date in the next 12 months.

The above long term figures are based on the 2016 Code which requires that in undertaking Effective Interest Rate (EIR) calculations, the maturity period for a LOBO is taken as being the contractual period to maturity.

Financial Instruments Gains / Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments are as follows:

	Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost	Loans and receivables	Total 2021/22	Total 2020/21
	£'000	£'000	£'000	£'000
Interest expense	15,416	0	15,416	15,323
Interest payable and similar charges	15,416	0	15,416	15,323
Interest income	0	(1,078)	(1,078)	(1,665)
Interest and investment income	0	(1,078)	(1,078)	(1,665)
Losses on revaluation	3	(9)	(6)	6
Surplus arising on revaluation of financial assets	3	(9)	(6)	6
Net loss/(gain) for the year	15,419	(1,087)	14,332	13,664

Fair Value of Liabilities Carried at Amortised Cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet as at 31 March 2022 at amortised cost is disclosed below.

Methods and Assumptions in valuation technique:

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. In addition, lenders do not have the ability to force the Council to repay debt early.

The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March 2022, using bid prices where applicable.

The calculations are made with the following assumptions:

- For Public Works Loans Board (PWLB) debt, the discount rates used are the rates for new borrowing as per rate sheet number 126/22.
- For other market debt and investments the discount rates used are the rates available for an instrument with the same terms from a comparable lender.
- Interpolation techniques have been used between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value have been disclosed.

The fair values are calculated as follows:

	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Public Works Loans Board (PWLB)	570,651	560,605	492,782	560,437
Lender Option Borrower Option (LOBO)	44,371	62,310	44,390	68,235
Short term borrowing	1,935	2,756	50,798	50,800
Other (Special Loans)	2,171	2,172	2,169	2,167
Other Market Loans	133	134	130	136
Financial Liabilities	619,261	627,977	590,269	681,775

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The difference between the carrying amount and the fair value therefore represents the premium the Council would need to pay to the lender in the event these loans were to be repaid at that date.

For comparison, if the Council were to have repaid all the loans to the PWLB on the balance sheet date, a total of £711.8m would have been payable after applying the PWLB's premature redemption rates applicable on that date. This is higher than the Fair Value shown in the table above, as the PWLB premature redemption rates include an additional profit margin over their comparative new borrowing rates.

Fair Value of Assets Carried at Amortised Cost

	31 March 2022		31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Cash (including petty cash)	38,437	38,443	27,221	27,223
Deposits with Banks and Building Societies	209,301	208,037	206,692	207,382
Mortgages	279	282	334	362
Loans to Others	633	633	822	821
Financial Assets	248,650	247,395	235,069	235,788

Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks is intended to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

(i) Credit Risk

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

Under the terms of the Council's approved Treasury policy, only the highest rated banks and financial institutions are used. Accordingly, the expected credit loss on such deposits is deemed negligible, and no expected credit loss provision has been provided in the Income & Expenditure account for 2021/22 (2020/21 nil) on the grounds of immateriality. Applying historic default rates for the counterparties used by the Council as at 31 March 2022 shows the expected credit loss to be

less than 0.02% to 0.04% of the principal sums deposited, whilst the actual historic default experienced by the Council is nil. Further, there is no information to indicate that this position has changed since the balance sheet date.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions.

	Amounts at 31 March 2022	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2022	Estimated maximum exposure to default and uncollectability
	£'000	%	%	£'000
Deposits with banks and other financial institutions	252,363	0	0	0
Loans to Others	912	0	0	0
Debtors	11,505	11.1	11.1	828
Total	264,780	-	-	828

The Council's overall exposure to credit risk in relation to its deposits in banks and other financial institutions of £252.4m above cannot be assessed generally, as the risk of non-payment of the principle sums or interest is specific to each individual institution. Most of the deposits are with other local authorities, whilst all financial institutions in which the Council deposit funds have passed the most recent Bank of England stress-testing under current market conditions. Experience indicates that any such non-payment is rare, and there is no evidence that any risk of default existed at 31 March 2022. The repayment profile of these deposits, including loans to others, is shown below:

	31 March 2022 £'000	31 March 2021 £'000
Less than three months	68,100	85,953
Three to six months	79,108	81,249
Six months to one year	105,155	25,042
More than one year	-	45,115
Total	252,363	237,359

Loans to Others

The Council initiates a legal charge on property where, for example, clients require assistance with payment of care fees, but cannot pay immediately until such time as their property is sold. The total amount outstanding as at 31 March 2022 in this category is £633,000 and experience of default is minimal. The Council has granted mortgages for essential property repairs in shared ownership properties as well as secured loans to property owners to bring their properties back into use for affordable rent under the Empty Home Loans Fund (EHLF) scheme. The total amount outstanding as at 31 March 2022 is £279,000 with no experience of default. The total amount of Loans to Others of £912,000 can be analysed as follows:

	31 March 2022 £'000	31 March 2021 £'000
Less than three months	82	127
Three to six months	83	128
Six months to one year	166	250
More than one year	581	651
Total	912	1,156

Debtors

The Council does not generally allow credit for customers, such that £9.237m of the £11.505m balance is past its due date for payment.

	31 March 2022 £'000	31 March 2021 £'000
Less than three months	5,618	8,259
Three to six months	224	462
Six months to one year	1,189	1,486
More than one year	2,206	2,869
Total	9,237	13,076

(ii) Liquidity Risk

The Council has access to borrowings from the money markets to cover day to day cashflow needs, as well as borrowing from the Public Works Loans Board or money markets for longer term funding requirements. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council manages its portfolio in conjunction with interest rate forecasts to reduce the risk of a large proportion of its borrowing maturing at a time of higher interest rates, and so reduce the financial impact of re-financing at an unfavourable time. In addition, the monitoring of interest rate movements for the identification of debt rescheduling

opportunities to amend the maturity profile, as well as achieving savings in interest charges, is undertaken on a continuous basis to further mitigate any refinancing risks.

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

Loans outstanding	On 31 March 2022	On 31 March 2021
	£'000	£'000
Public Works Loans Board	568,000	490,500
Market debt	43,340	43,340
Temporary borrowing	1,933	50,794
Local bonds	2,169	2,169
Bank Overdraft	4,662	3,494
Total	620,104	590,297
Less than 1 year	16,764	68,957
Between 1 and 2 years	5,140	8,000
Between 2 and 5 years	23,000	23,140
Between 5 and 10 years	27,500	32,500
Between 10 and 15 years	5,000	0
More than 15 years	542,700	457,700
Total	620,104	590,297

In the more than 15 years category there are £43.2 million of LOBO borrowings which have a call date in the next 12 months.

(iii) Market Risk

Interest rate risk

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

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

- Reductions in interest rates will affect interest earned on variable rate investments, and reduces income credited to the Comprehensive Income and Expenditure Statement. There would only be a small reduction in the interest payable on variable rate borrowing.
- Increases in interest rates will affect interest paid on variable rate borrowings, and increases interest expense charged to the Comprehensive Income and Expenditure Statement, but offset by increased investment returns.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the balance sheet for assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the balance sheet for any assets held at fair value in the balance sheet, which would also be reflected in the Comprehensive Income & Expenditure Statement. However, no such assets at fair value were held by the Council as at 31 March 2022.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the balance sheet for liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. The policy is to keep a maximum of 35% 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 higher costs, whilst fixed deposits may be undertaken for longer periods (within policy and counterparty limits).

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget throughout the year. This allows any favourable or 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 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	520
Increase in interest receivable on variable rate investments	(1,302)
Impact on Comprehensive Income and Expenditure Statement	(782)
Share of overall impact credited to the HRA	(202)

The impact of a 1% fall in interest rates would have been an estimated cost of £1,076,000 to the Council as a result of a reduction in investment income, whilst it would be unlikely that the lenders of the market loans borrowed would pass on the reduction in rates payable. However, there would be a reduction of £88,000 payable on other loans. Therefore, the net cost of a 1% fall in interest rates would be £988,000, of which £255,000 would be debited to the HRA.

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.

Price Risk

The Council does not invest in equities, however, does invest in other tradable instruments but with the intention of holding them until their maturity date. Therefore, the Council does not actively trade in such instruments, and is therefore not exposed to gains or losses on movements in their price.

40. Devolved School Management (DSM) Schools

The accumulated balance on the General Fund at 31 March 2022 includes net surplus funds of £1,191,000 (31 March 2021 £1,536,000) in respect of schools participating in the Devolved School Management scheme. There are 3 schools carrying forward deficits of £1,000. These surpluses are earmarked in 2021/22 for the individual schools concerned.

There is Pupil Equity Funding from the Scottish Government of £1,019,000 which is being carried forward to 2022/23 for schools within the Council's earmarked general fund balances.

41. Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £'000	2020/21 £'000
Interest received	(1,443)	(1,882)
Interest paid	25,548	25,233
	<u>24,105</u>	<u>23,351</u>

42. Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(93,363)	(59,511)
Purchase of short-term and long-term investments	(184,301)	(221,692)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,019	1,017
Proceeds of short-term and long-term investments	181,692	154,395
Other receipts for investing activities	46,627	25,282
	<u>(48,326)</u>	<u>(100,509)</u>

43. Financing Activities

	2021/22 £'000	2020/21 £'000
Cash receipts of short and long-term borrowing	124,076	212,709
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(5,022)	(4,974)
Repayments of short and long-term borrowing	(95,493)	(185,813)
	<u>23,561</u>	<u>21,922</u>

44. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2021/22 £'000	2020/21 £'000
Cash held	37	48
Bank current accounts	(4,662)	(3,494)
Short-term deposits with banks and building societies	43,062	18,167
Short-term deposits with Local Authorities	0	7,500
Short-term deposits with other organisations	0	5,000
Total cash and cash equivalents	<u>38,437</u>	<u>27,221</u>

45. Trust Funds

Perth & Kinross Council administers a number of Charitable Funds of varying sizes. The Income and Expenditure Account and Balance Sheet are detailed on page 84.

These funds include Educational Trusts and other trusts which are primarily for the residents of Perth and Kinross. An exercise is currently being undertaken to amalgamate many of the non-educational trusts in order for the funds to be more readily accessible.

The Perth & Kinross Educational Trust gives financial assistance towards scholarships, second or subsequent degrees, mature students and further education. Assistance is also provided to schools for sports facilities and special equipment, promoting visual arts and education in music and drama. There are also preferences for certain beneficiaries usually named schools for prizes etc. Also, within the Perth & Kinross Educational Trust there are eight individual endowments for maintaining, furnishing and equipping school buildings.

The other charitable trusts purposes include providing financial assistance in different areas of Perth & Kinross.

	31 March 2022 £'000	31 March 2021 £'000
Educational Trust - Financial Assistance		
Net assets	1,026	991
Net Incoming/(Outgoing) Resources before other recognised gains and losses	8	1
Educational Trust - Endowments		
Net assets	50	51
Net Incoming/(Outgoing) Resources before other recognised gains and losses	0	0
Other Charitable Trusts		
Net assets	2,534	1,900
Net Incoming Resources before other recognised gains and losses	604	4
TOTAL Net Assets	<u>3,610</u>	<u>2,942</u>
TOTAL Net Incoming Resources before other recognised gains and losses	<u>612</u>	<u>5</u>

Detailed Accounts for the Charities are available from the Head of Finance, 2 High Street, Perth, PH1 5PH by contacting chxfinance@pkc.gov.uk or phoning 01738 475000.

46. The Statutory Loans Fund

Loans Fund accounting is governed by The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016, which came into force on 1 April 2016. These regulations outline the way the Loans Fund is operated in relation to the repayment period and method that capital advances (expenditure) are repaid (charged) on an annual basis.

The Loans Fund is an internal fund operated by the Council to manage the amortisation of capital expenditure (capital advances) over the life of the various assets being funded by borrowing, and also to manage the external borrowing raised to finance the capital expenditure. Whilst both elements of the Loans Fund operate independently of each other, because they are based on the same capital plans, they will broadly be consistent to each other over the long term. However, significant differences may arise over the short-term. This may include, for example, delaying external borrowing due to unfavourable prevailing interest rates, where the Council's daily cashflow remains positive, or where the Council has significant levels of Reserves.

The annuity repayment method is used for all internal capital advances through the Loans Fund. The Council also defers the repayment of Loans Fund advances until the asset being funded is completed and operational. The Council repays/amortises the capital advances over the life of the asset being funded, up to a maximum of 50 years. Therefore, the total number of years may exceed 50 years from the year the capital expenditure was incurred where the total expenditure on an asset is spread over two or more years before the asset becomes operational.

The value of Loans Fund advances outstanding at 31 March 2022 is £491,270,000. This is made up as follows:

	Advances 1 April 2021 £'000	Repaid 2021/22 £'000	New Advances 2021/22 £'000	Advances 31 March 2022 £'000
General Fund	297,679	(3,086)	25,563	320,156
Prudential Borrowing	45,049	(2,584)	3,370	45,835
Sub Total	342,728	(5,670)	28,933	365,991
HRA	119,404	(3,652)	9,527	125,279
Total	462,132	(9,322)	38,460	491,270

The estimated future repayments of these advances is summarised in the table below:

	General Fund £'000	Prudential Borrowing £'000	Sub Total: General Fund £'000	Housing Revenue Account £'000	Total £'000
Within 1 Year	2,382	2,747	5,129	3,697	8,826
Between 1 and 2 Years	2,107	2,802	4,909	4,145	9,054
Between 2 and 5 Years	3,413	6,504	9,917	10,990	20,907
Between 5 and 10 Years	(8,091)	5,221	(2,870)	19,341	16,471
Between 10 and 15 Years	(5,402)	4,062	(1,340)	24,807	23,467
Between 15 and 20 Years	28,291	3,399	31,690	9,461	41,151
Between 20 and 25 Years	37,104	3,592	40,696	2,490	43,186
More than 25 Years	260,352	17,508	277,860	50,348	328,208
Total	320,156	45,835	365,991	125,279	491,270

Comparison of the capital advances above with capital debt of £611.2 million shows that the Council's borrowing is around £120 million higher than immediate requirements as at 31 March 2022. This reflects the strategy adopted of undertaking new borrowing at historic low rates in order to fund the large Capital Financing Requirement over the next few years. This strategy reduces the risks of funding this requirement in future years as interest rates rise and provides budget certainty for future interest rates at a low level.

The latest approved General Fund (Composite) Capital Budget and Housing Investment Programme includes the amount of capital expenditure to be funded by borrowing (i.e. new Loans Fund advances) in each of the next 6 years as follows:

	General Fund £'000	Housing Investment Programme £'000	Total £'000
2022/23	125,644	15,349	140,993
2023/24	155,102	13,338	168,440
2024/25	117,980	10,542	128,522
2025/26	41,974	16,035	58,009
2026/27	35,115	11,765	46,880
2027/28	26,188	0	26,188
Total	502,003	67,029	569,032

All the above Loans Fund repayments have been included in the Loan Charge estimates within the approved Medium-Term Financial Plans, and therefore remain affordable under the current Loan Charge Budget strategy. It is anticipated that the Council will consider a new Capital Budget later this year.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with the legislative framework which may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Statement of Movements on the Housing Revenue Account Balance.

<u>2020/21</u>		<u>2021/22</u>		
£'000		£'000	£'000	£'000
	Income			
(28,266)	Dwelling Rents	(29,152)		
513	less Voids	630		
			(28,522)	
(585)	Non-Dwelling Rents	(578)		
49	less Voids	47		
			(531)	
(1,017)	Other Income		(1,032)	
(29,306)	Total Income			(30,085)
	Expenditure			
5,229	Repairs & Maintenance		6,816	
12,601	Supervision & Management		14,587	
11,575	Depreciation, impairment and revaluation losses on non current assets		12,586	
515	Movement in the Impairment of Debtors		79	
289	Other expenditure		397	
30,209	Total Expenditure			34,465
903	Net Expenditure for HRA Services as included in the Comprehensive Income and Expenditure Statement			4,380
315	HRA services' share of Corporate and Democratic Core			304
1,218	Net Expenditure for HRA Services			4,684
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(78)	Gain on sale of HRA Non-Current Assets			(50)
3,471	Interest payable and similar charges			3,698
(8)	Interest and investment income			(11)
191	Net Interest on the net defined benefit liability			165
(3,055)	Capital Grants and Contributions Receivable			(3,339)
1,739	Deficit for the year on HRA services			5,147

STATEMENT OF MOVEMENTS ON THE HOUSING REVENUE ACCOUNT BALANCE

The Statement of Movement on the Housing Revenue Account balance reconciles the Housing Revenue Account to the HRA balance, an earmarked element of the Council's General Fund Balance.

<u>2020/21</u> £'000		<u>2021/22</u> £'000	<u>2021/22</u> £'000
(1,000)	Balance on the HRA at the end of the Previous Year		(3,006)
1,739	Deficit for the year on the HRA Income and Expenditure Account	5,147	
<u>(645)</u>	Adjustments between Accounting Basis and Funding Basis Under Statute	<u>(5,223)</u>	
<u>1,094</u>	Net Decrease/(increase) before Transfers to or from Reserves	(76)	
(3,100)	Transfer from Reserves	<u>(200)</u>	
(2,006)	Movement in Year on the HRA		(276)
<u>(3,006)</u>	Balance on the HRA at the end of the Current Year		<u>(3,282)</u>

Note to the Statement of Movement on the HRA Balance

<u>2020/21</u> £'000		<u>2021/22</u> £'000	<u>2021/22</u> £'000
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
78	Gain on sale of HRA Non-current assets	50	
(11,575)	Depreciation and impairment of non current assets	(12,586)	
	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	3,339	
(57)	Adjustments involving Short Term Accumulated Absences Account	18	
(2,315)	Reversal of items relating to retirement benefits credited to the Comprehensive Income and Expenditure Statement	<u>(3,574)</u>	
<u>(10,814)</u>			(12,753)
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
1,307	Employer's pension contributions and direct payments to pensioners payable in the year	1,343	
183	Adjustments involving the Financial Instruments Adjustment Account	187	
3,485	Statutory provision for the repayment of debt	3,653	
5,194	Capital expenditure charged to the HRA balances	<u>2,347</u>	
<u>10,169</u>			7,530
<u>(645)</u>	Net additional amount required by statute to be (credited) to the HRA Balance for the year		<u>(5,223)</u>

THE ACCOMPANYING NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

1. **Housing Stock** at 31 March 2022

	No. of Dwellings 31 March 2022	<i>No. of Dwellings 31 March 2021</i>
Sheltered accommodation	285	285
Detached/Semi-Detached/Terraced	3,804	3,653
High Rise Flats	141	138
Tenement Flats/Other Flats/Maisonettes	3,665	3,684
Total	<u>7,895</u>	<u>7,760</u>

2. **Rent Arrears** at 31 March 2022

	Gross Arrears 31 March 2022		<i>Gross Arrears 31 March 2021</i>	
	£'000	% of Income	£'000	% of Income
Houses	3,072	10.5	2,700	9.6
Other Subjects	59	10.2	60	10.2
Totals	<u>3,131</u>	<u>10.5</u>	<u>2,760</u>	<u>9.6</u>

3. **Impairment of Debtors**

In 2021/22 an impairment of £1,959,584 has been provided in the Balance Sheet, an increase of £78,857 from the impairment in 2020/21.

COUNCIL TAX INCOME ACCOUNT

The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

<u>2020/21</u>			<u>2021/22</u>
£'000			£'000 £'000
108,074	Gross Charge		109,359
(3,605)	Deduct - Exemptions		(3,490)
(173)	Disabled Relief		(174)
(7,824)	Discounts and Reductions		(8,026)
(6,821)	Council Tax Reduction Scheme		(6,807)
89,651	Net Council Tax		90,862
	Deduct -		
(7)	Ministry Of Defence Properties	(7)	
7	Contribution Received	7	0
(1,880)	Provision for Bad and Doubtful Debts		(1,376)
87,771	Total Council Tax Income		89,486
(347)	Adjustments for prior years for Council Tax and Community Charge		(122)
87,424	Total Council Tax / Community Charge Income to Comprehensive I&E Statement		89,364

THE ACCOMPANYING NOTES TO THE COUNCIL TAX INCOME ACCOUNT

1. CALCULATION OF THE COUNCIL TAX BASE AT 31 MARCH 2022

	A	B	C	D	E	F	G	H	2021/22 TOTAL	2020/21 TOTAL
No. of Properties	8,733	14,961	12,737	11,360	11,968	8,030	6,483	697	74,969	74,221
Exemptions	(700)	(665)	(476)	(295)	(247)	(89)	(71)	(19)	(2,562)	(2,651)
Disabled Relief	77	7	0	31	(32)	12	(89)	(6)	0	0
Discounts	(1,420)	(2,007)	(1,433)	(1,147)	(916)	(475)	(309)	(56)	(7,763)	(7,626)
Effective No. of Properties	6,690	12,296	10,828	9,949	10,773	7,478	6,014	616	64,644	63,944
Ratio	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360		
Band D Equivalents	4,457	9,564	9,625	9,949	14,155	12,152	11,777	1,509	73,188	72,233
Contributions in lieu									7	7
TOTAL									73,195	72,240
Provision for non-payment at 3.5% (2020/21 2.0%)									(2,562)	(1,445)
COUNCIL TAX BASE									70,633	70,795

2. THE COUNCIL TAX CHARGE

The Council Tax is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of that property's occupants.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a band D property by applying fractions. A discount of 25% is given where there are fewer than two residents of a property. Discounts of 10% are awarded for second homes and long term empty dwellings. Some unoccupied dwellings may receive discount of 50%. Persons in detention, students, mentally handicapped people and certain others are disregarded for Council Tax purposes. Reductions in Council Tax are also granted for disabled people.

The valuation bands, the fractions used in calculating the Council Tax payable for each valuation band and the actual charges determined for 2021/22 are set out below:

Valuation Band	Property Valuation Range	Fraction of band D	2021/22 Actual Charge	2020/21 Actual Charge
A	£0 - £27,000	240/360	£878.67	£878.67
B	£27,001 - £35,000	280/360	£1,025.11	£1,025.11
C	£35,001 - £45,000	320/360	£1,171.56	£1,171.56
D	£45,001 - £58,000	360/360	£1,318.00	£1,318.00
E	£58,001 - £80,000	473/360	£1,731.71	£1,731.71
F	£80,001 - £106,000	585/360	£2,141.75	£2,141.75
G	£106,001 - £212,000	705/360	£2,581.08	£2,581.08
H	Over £212,000	882/360	£3,229.10	£3,229.10

NON DOMESTIC RATE INCOME ACCOUNT

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

2020/21		2021/22	
£'000		£'000	£'000
82,055	Gross Rate Levied		80,188
0	Transitional Relief		0
			80,188
	Deduct:		
(2,631)	Rate Rebates	(2,646)	
(47,223)	Reliefs, Charities etc.	(38,065)	
(251)	Provision for Bad and Doubtful Debts	(423)	
			(41,134)
	Adjustments to Previous Years:		
(4,390)	Gross Rate Levied	(38)	
37	Transitional Surcharge/Relief	172	
(397)	Reliefs, Charities etc.	(2,964)	
81	Impairment for Bad and Doubtful Debts and Abatements	91	
			(2,739)
27,281	Net Non Domestic Rate Income		36,315
(27,487)	Contribution to National Non Domestic Rate Pool	(36,524)	
37,876	Contribution from National Non Domestic Rate Pool	34,864	
10,389	Net contribution from/(to) National Non Domestic Rate Pool		(1,660)
37,670	Total Non Domestic Rate Income (before Council retentions)		34,655
0	Non-Domestic Rate Income Retained by Council (Business Rates Incentivisation Scheme)		0
37,670	Total Non Domestic Rate Income to Comprehensive Income and Expenditure Statement		34,655
206	Discretionary Relief funded by the Council		206

THE ACCOMPANYING NOTES TO THE NON DOMESTIC RATE INCOME ACCOUNT

1. NON DOMESTIC RATES

All non-domestic rate income collected by Scottish local authorities is paid into a national pool. It is redistributed to authorities in proportion to the resident population in each authority's area and therefore bears no direct relationship to the amount collected by those authorities. The rate poundage set by the Scottish Government for 2021/22 was 49.0p (2020/21 was 49.8p but offset by a general 1.6% rates relief for all properties giving an effective rate of 49.0p).

Measures under the Scottish Government's Coronavirus Rates Relief scheme were extended into 2021/22 and saw approximately £17.5 million of relief being awarded to businesses in the Retail, Leisure and Hospitality sectors within the Perth and Kinross area.

The Small Business Bonus Scheme, introduced from 1 April 2008, provides relief to businesses based on their combined rateable value. From 1 April 2014 the combined rateable value threshold has been set at £35,000 with relief available on all individual properties with a rateable value of £18,000 or less. Subject to eligibility, this provides relief of either 25% or 100%. This scheme replaced the Small Business Rates Relief Scheme. Awards totalling more than £11m were provided to businesses within the Perth and Kinross area in 2021/22.

A supplement of 1.3p was charged on properties with a rateable value of between £51,001 and £95,000 and a supplement of 2.6p was charged on properties with a rateable value exceeding £95,000 to contribute towards the additional cost of the Small Business Bonus scheme. (unchanged from 2020/21).

2. RATEABLE SUBJECTS AND VALUES

<i>No. of Subjects at 1 April 2020</i>	<i>Rateable Value £'000 at 1 April 2020</i>		<i>No. of Subjects at 1 April 2021</i>	<i>Rateable Value £'000 at 1 April 2021</i>
1,684	36,289	Shops	1,689	36,207
85	1,735	Public Houses	86	1,747
1,061	13,866	Offices (including banks)	1,084	13,845
234	13,675	Hotels etc.	234	13,161
1,721	23,784	Industrial Subjects etc.	1,740	24,142
1,861	11,681	Leisure, Entertainment, Caravans etc.	1,898	11,654
154	4,951	Garages and Petrol Stations	155	5,099
59	1,373	Cultural	57	1,329
1,374	2,846	Sporting Subjects	1,365	2,662
117	15,777	Education and Training	117	15,393
416	8,024	Public Service Subjects	415	7,781
1	0	Communications	1	0
21	406	Quarries, Mines etc.	21	368
2	3,597	Petrochemical	2	3,412
246	1,690	Religious	242	1,687
112	6,668	Health, Medical	115	6,479
736	1,991	Other	723	1,966
65	3,206	Care Facilities	63	3,197
35	118	Advertising	34	114
89	11,465	Undertaking	92	10,823
<u>10,073</u>	<u>163,142</u>	Total	<u>10,133</u>	<u>161,066</u>

CHARITABLE TRUSTS

The Council administers Perth & Kinross Educational Trust and various other Charitable Trusts and Endowments. The figures below summarise the aggregate income and expenditure for the year and the assets and liabilities at 31 March 2022.

INCOME AND EXPENDITURE ACCOUNT FOR YEAR TO 31 MARCH 2022


	2021/22 £'000	2021/22 £'000	2020/21 £'000
INCOMING RESOURCES			
Incoming resources from generated funds:			
Income from donations and legacies	600		0
Investment income	127		104
Total Incoming Resources		727	104
RESOURCES EXPENDED			
Costs of generating funds:			
Investment management costs	16		13
Charitable activities	81		72
Governance costs	14		14
Reorganisation of trusts	4		0
Total Resources Expended		115	99
Net Incoming Resources Before Other Recognised Gains & Losses		612	5
OTHER RECOGNISED GAINS			
Gain/(Losses) on Investment assets		56	430
Net Movement in Funds for the Year		668	435
RECONCILIATION OF FUNDS			
Total Funds Brought Forward		2,942	2,507
TOTAL FUNDS CARRIED FORWARD		3,610	2,942

BALANCE SHEET AS AT 31 MARCH 2022

	31 March 2022 £'000	31 March 2022 £'000	31 March 2021 £'000
FIXED ASSETS			
Tangible Assets		80	90
Investments		3,261	2,611
CURRENT ASSETS			
Debtors	3		28
Investments - Amounts due by Perth & Kinross Council Loans Fund	276		222
	279		250
LIABILITIES			
Creditors: amounts falling due within one year	(10)		(9)
NET CURRENT ASSETS		269	241
NET ASSETS		3,610	2,942
TOTAL FUNDS		3,610	2,942

Notes to Charitable Trusts

- The market value of Investments at 31 March 2022 was £3,261,000 (31 March 2021 £2,611,000).
- The unaudited accounts were issued on 28 June 2022 and the audited accounts were authorised for issue on 27 September 2022.


 Stewart MacKenzie CPFA
 Head of Finance
 27 October 2022

COMMON GOOD

The Council administers the Common Good Accounts for ten former burghs within Perth & Kinross. The figures below summarise the aggregate income and expenditure for the year and detail the Assets and Liabilities at 31 March 2022.

INCOME AND EXPENDITURE ACCOUNT FOR YEAR TO 31 MARCH 2022

	2021/22 £'000	2021/22 £'000	2020/21 £'000
EXPENDITURE			
Grants to Voluntary Organisations	61		73
Christmas Lighting	17		27
Property Costs	25		0
Supplies & Services	21		26
		124	126
INCOME			
Rents, Fees, Charges etc.	275		242
Interest on Loans	5		10
Other	1		1
		281	253
SURPLUS/(DEFICIT) FOR THE YEAR		157	127
Revenue Balance Brought Forward		1,952	1,825
Revenue Balance Carried Forward		2,109	1,952

BALANCE SHEET AS AT 31 MARCH 2022

	31 March 2022 £'000	31 March 2022 £'000	31 March 2021 £'000
FIXED ASSETS		5,188	4,634
CURRENT ASSETS			
Debtors	6		0
Investments	2,057		2,057
Revenue Advances to Perth & Kinross Council Loans Fund	448		305
	2,511		2,362
CURRENT LIABILITIES			
Creditors and Accruals	(117)		(127)
NET CURRENT ASSETS		2,394	2,235
TOTAL NET ASSETS		7,582	6,869
RESERVES			
Revenue		2,109	1,952
Capital		386	386
Capital Adjustment Account		91	91
Revaluation Reserve		4,996	4,440
		7,582	6,869

The unaudited accounts were issued on 28 June 2022 and the audited accounts were authorised for issue on 27 September 2022.



Stewart MacKenzie CPFA
Head of Finance
27 October 2022

THE ACCOMPANYING NOTES TO THE COMMON GOOD ACCOUNTS

- Depreciation on Common Good Funds is charged on buildings, based on current value less residual value over the remaining useful life of the property. The buildings have a life expectancy of over 50 years and depreciation has been charged on a straight line basis over that period.

2. Common Good Reserve Funds

The movements in the individual Common Good Funds Revenue Reserves are summarised below:

FUND	Balance at 1 April 21	Income 2021/22	Expenditure 2021/22	Balance at 31 March 22
	£'000	£'000	£'000	£'000
Perth City	1,327	256	110	1,473
Aberfeldy	123	1	0	124
Abernethy	1	0	0	1
Alyth	20	0	0	20
Auchterarder	283	22	11	294
Blairstown	20	0	0	20
Crieff	13	2	2	13
Kinross	158	0	1	157
Pitlochry	7	0	0	7
TOTAL	1,952	281	124	2,109

Coupar Angus Common Good Fund has a nil balance for both years.

3. Common Good Fixed Assets

Some of the fixed assets included in the Council Balance Sheet should potentially be included in the Balance Sheet of the Common Good Funds instead.

The Community Empowerment (Scotland) Act 2015 requires the Council to establish and maintain a list of property which is held as part of the Common Good. The review of property titles to facilitate the eventual publication of the list has commenced, however, until the review is complete property titles are being reviewed when land and/or buildings are declared surplus to operational needs. Until all property titles for all former burghs are reviewed, there remains the possibility that some assets may require to be transferred between the Council and Common Good balance sheets.

The review of titles for the former Burghs is complete and it is anticipated that the findings will be reported to the relevant Common Good Fund Committees and Community Councils during 2022/23, prior to publication of the review on the Perth & Kinross Council website.

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Housing Revenue Account	Capital Fund	Insurance Fund	Capital statutory funds	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	TOTAL Authority Reserves	Authority's share of subsidiaries	Authority's share of associates & joint ventures	TOTAL Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	(49,296)	(1,000)	(31,640)	(2,970)	(2,648)	(2,189)	(89,743)	(467,932)	(557,675)	(10,668)	(105)	(568,448)
<u>Movement in reserves during 2020/21</u>												
Total Comprehensive Income and Expenditure	(6,582)	1,739	0	0	0	0	(4,843)	(88,589)	(93,432)	4,120	(8,830)	(98,142)
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(15,431)	(645)	0	0	119	(541)	(16,498)	16,498	0	0	0	0
(Increase)/Decrease in 2020/21	(22,013)	1,094	0	0	119	(541)	(21,341)	(72,091)	(93,432)	4,120	(8,830)	(98,142)
Transfers to/(from) Other Statutory Reserves	(1,174)	(3,100)	3,696	578	0	0	0	0	0	0	0	0
Balance at 31 March 2021 carried forward	(72,483)	(3,006)	(27,944)	(2,392)	(2,529)	(2,730)	(111,084)	(540,023)	(651,107)	(6,548)	(8,935)	(666,590)
<u>Movement in reserves during 2021/22</u>												
Total Comprehensive Income and Expenditure	11,478	5,147	0	0	0	0	16,625	(107,289)	(90,664)	(4,097)	(16,280)	(111,041)
Adjustments to Usable Reserves permitted by accounting standards	(4,459)	(2,995)	0	0	0	0	(7,454)	7,454	0	0	0	0
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(16,483)	(2,228)	0	0	(27)	2,643	(16,095)	16,095	0	0	0	0
(Increase) or Decrease in 2021/22	(9,464)	(76)	0	0	(27)	2,643	(6,924)	(83,740)	(90,664)	(4,097)	(16,280)	(111,041)
Transfers to/(from) Other Statutory Reserves	(3,953)	(200)	3,127	1,026	0	0	0	0	0	0	0	0
Balance at 31 March 2022 carried forward	(85,900)	(3,282)	(24,817)	(1,366)	(2,556)	(87)	(118,008)	(623,763)	(741,771)	(10,645)	(25,215)	(777,631)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated 2020/21 Net Expenditure £'000		Note	2021/22		
			Gross Expenditure £'000	Income £'000	Net Expenditure £'000
	SERVICES				
178,696	Education & Children's Services		233,020	(27,525)	205,495
64,191	Health & Social Care		172,809	(97,019)	75,790
83,470	Communities		129,097	(38,003)	91,094
39,067	Corporate and Democratic Services		66,366	(25,072)	41,294
903	Housing Revenue Account		34,465	(30,085)	4,380
1,308	Valuation Joint Board		1,307	0	1,307
99	Charitable Trusts		115	(600)	(485)
(117)	Common Good		124	(276)	(152)
367,617	COST OF SERVICES		637,303	(218,580)	418,723
(925)	Other Operating Expenditure / Income		0	(534)	(534)
24,255	Financing and Investment Income and Expenditure	4	25,623	(2,221)	23,402
(398,048)	Taxation and Non-Specific Grant Income		0	(424,977)	(424,977)
(7,101)	Deficit/(Surplus) on Provision of Services		662,926	(646,312)	16,614
(3,151)	Share of the Deficit on the provision of services by Associates and Joint Ventures				(5,156)
(10,252)	Group Deficit/(Surplus)				11,458
(56,062)	(Surplus on revaluation of non current assets				(22,983)
(26,873)	Remeasurement of the net defined benefit liability				(89,838)
280	Other gains				64
(5,235)	Share of the other comprehensive income and expenditure of Associates and Joint Ventures				(9,742)
(87,890)	Other Comprehensive Income and Expenditure				(122,499)
(98,142)	Total Comprehensive Income and Expenditure				(111,041)

GROUP BALANCE SHEET

<u>31 March 2021</u>		Notes	<u>31 March 2022</u>
<u>£'000</u>			<u>£'000</u>
1,218,139	Property, Plant & Equipment		1,271,035
51,788	Heritage Assets		51,814
13,140	Investment Property		14,060
321	Intangible Assets		1,674
550	Assets Held for Sale		403
45,115	Long Term Investments		0
6,950	Investment in Joint Venture		16,625
689	Long Term Debtors		613
<u>1,336,692</u>	Long Term Assets		<u>1,356,224</u>
166,245	Short Term Investments	5	214,619
126	Assets Held for Sale		273
575	Inventories		637
43,297	Short Term Debtors	6	48,275
37,573	Cash and Cash Equivalents		50,012
<u>247,816</u>	Current Assets		<u>313,816</u>
(67,746)	Short Term Borrowing		(14,754)
(71,896)	Short Term Creditors	7	(76,700)
(272)	Provisions		(3,904)
<u>(139,914)</u>	Current Liabilities		<u>(95,358)</u>
(2,149)	Provisions		(2,959)
(522,523)	Long Term Borrowing		(604,507)
(7,826)	Liabilities in associates and joint ventures		(2,602)
(245,506)	Other Long Term Liabilities		(186,983)
<u>(778,004)</u>	Long Term Liabilities		<u>(797,051)</u>
<u>666,590</u>	NET ASSETS		<u>777,631</u>
111,084	Usable Reserves		118,008
540,023	Unusable Reserves		623,763
5,672	Group Reserves		24,668
9,811	Charitable and Common Good Reserves		11,192
<u>666,590</u>	TOTAL RESERVES		<u>777,631</u>

The unaudited Annual Accounts were issued on 28 June 2022 and the Audited Annual Accounts were authorised for issue on 27 September 2022.

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



Stewart MacKenzie CPFA
Head of Finance
27 October 2022

GROUP CASH FLOW STATEMENT

<u>2020/21</u>		<u>Notes</u>	<u>2021/22</u>
£'000			£'000
7,101	Surplus/(Deficit) on the provision of services		(16,614)
59,543	Adjustments to net surplus or deficit on the provision of services for non cash movements		100,529
(26,750)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(47,236)
<u>39,894</u>	Net cash flows from Operating Activities		<u>36,679</u>
(101,906)	Investing Activities	10	(47,801)
21,922	Financing Activities	11	23,561
<u>(40,090)</u>	Net increase/(decrease) in cash and cash equivalents		<u>12,439</u>
77,663	Cash and cash equivalents at the beginning of the reporting period		37,573
<u><u>37,573</u></u>	Cash and cash equivalents at the end of the reporting period		<u><u>50,012</u></u>

RECONCILIATION OF THE SINGLE ENTITY DEFICIT/(SURPLUS) FOR THE YEAR TO THE GROUP SURPLUS

<u>2020/21</u>		<u>2021/22</u>
<u>£'000</u>		<u>£'000</u>
(4,843)	Deficit/(Surplus) on the single entity Comprehensive Income & Expenditure Statement for the year	16,625
	Add:	
(562)	• Managed Funds - Charitable Trusts & Common Good	(825)
(6,370)	• Joint Venture	(9,674)
3,221	• Associates	4,520
(1,698)	• Subsidiaries	812
<u>(10,252)</u>	Deficit/(Surplus) for the year on the Group Comprehensive Income & Expenditure Statement	<u>11,458</u>

NOTES TO THE GROUP ACCOUNTS

1. Combining Entities

The results of Tayside Valuation Board which is jointly administered with Dundee City and Angus Councils have been included in the Group Accounts. The Council is exempt from including the Board as a subsidiary under the "rebuttable presumption" which recognises that the Scottish Government exercises a dominant influence on the Board evidenced particularly by its ability to reconstitute or abolish statutory bodies or otherwise influence their operating and financial policies.

A number of Councillors have voting rights on the Board. The Council has an obligation to contribute to the Joint Board losses or deficits and the ability to exercise significant influence over it. The Joint Board has therefore been incorporated in the Group Accounts under the equity method of Accounting for Associates.

For the purpose of consolidation and incorporation within the Group Accounts recognition has been made of the Council's interest which is based on its share of the contributions made to the Tayside Valuation Board, which in 2021/22 was 42.58% (2020/21 42.48%). The accounting period for the Board is the year to 31 March 2022 and the Board Statements of Accounts presents fairly its individual financial position.

The individual accounts relating to Tayside Valuation Joint Board are published separately, and can be obtained from the Director of Corporate Services, Dundee City Council, Dundee House, 50 North Lindsay Street, Dundee, DD1 1QE.

In addition, the Council has also included Live Active Leisure Ltd., Horsecross Arts Ltd. and Culture Perth & Kinross Ltd. as subsidiaries within its Group Accounts in accordance with IAS 27 Consolidated and Separate Financial Statements, and in particular SIC 12 Consolidation – Special Purpose Entities. These organisations deliver services on behalf of the Council and the Council therefore obtains benefit from their operations. In addition, service delivery is managed through Service Level Agreements specific to the service provision required from the organisations by the Council. Live Active Leisure Ltd., Horsecross Arts Ltd. and Culture Perth & Kinross Ltd. are governed by company and charitable trust regulation. For the purpose of consolidation and incorporation within the Group Accounts it has been assumed that the Council's interest in these organisations is 100% due to the nature of Council control and direction over their operations.

Live Active Leisure Ltd., Horsecross Arts Ltd. and Culture Perth & Kinross Ltd. are arm's length companies with sole member status with the Council being the sole member in each company.

The individual accounts relating to these organisations are published separately, and can be obtained from the following addresses:-

Live Active Leisure Ltd.	Caledonia House, Hay Street, Perth, PH1 5HS.
Horsecross Arts Ltd.	Perth Concert Hall, Mill Street, Perth, PH1 5HZ.
Culture Perth & Kinross Ltd.	A K Bell Library, 2-8 York Place, Perth, PH2 8EP

The income, expenditure, assets and liabilities of the Charitable Trusts which are administered and controlled by the Council have also been included as a managed fund. The nature of the assets of the managed fund are heritable property, investments and debtors. The assets are not the property of Perth & Kinross Council and are subject to charitable trust regulations. The Income and Expenditure Account of the Charitable Trusts is detailed on page 84 of the Annual Accounts.

The income, expenditure, assets and liabilities of the Common Good Accounts which are administered and controlled by the Council have also been included as a managed fund. The nature of the assets of the managed fund are heritable property, investments and debtors. The assets are the property of Perth & Kinross Council and are subject to the Accounting Code of Practice. The Income and Expenditure Account of the Common Good is detailed on page 85 of the Annual Accounts.

Perth & Kinross Council's share of the assets and liabilities of Tayside Contracts Joint Committee, which is jointly administered and controlled with Dundee City Council and Angus Council, has been included in the Group Accounts using the equity method for an associate due to the Council having significant influence rather than joint control over the entity. The Council's investment in Tayside Contracts for 2021/22 is 39.9% (2020/21 42.3%). Copies of Tayside Contracts Joint Committee's individual accounts are published separately, and can be obtained from Head of Financial Services, Tayside Contracts, 1 Soutar Street, Dundee, DD3 8SS.

Perth and Kinross Integration Joint Board (IJB) is the statutory body established to integrate health and social care services between the Council and NHS Tayside. The IJB Board consists of eight voting members, four of whom are Perth & Kinross councillors. The Council can therefore exercise joint control over the arrangement and the IJB has been consolidated into the Council Group accounts as a joint venture using the equity method and a percentage share of 50%. Copies of the Perth & Kinross Integration Joint Board individual accounts are published separately and can be obtained from the Chief Financial Officer, Perth & Kinross Integration Joint Board, 2 High Street, Perth, PH1 5PH.

In addition the CIPFA Code requires the realignment of accounting policies for entities included within the Group Accounts. The pension liability at 31 March 2022 for Horsecross Arts Ltd of £673,000 has been included within the Group Reserves balance at 31 March 2022.

Tayside and Central Scotland Transport Partnership (TACTRAN) is a statutory body established under the Transport (Scotland) Act 2005. The partnership covers Angus, Dundee City, Perth & Kinross and Stirling Council areas. The results of TACTRAN have been excluded from Perth & Kinross Council's Group accounts on the grounds of materiality.

2. Nature of Combination

The Council inherited its interest in the Tayside Valuation Board following the reorganisation of local government in 1996. It is considered that the Council's interest was obtained on an acquisition basis. However, as no consideration was given, no goodwill requires to be accounted for.

3. Financial Impact of Consolidation and Going Concern

The effect of inclusion of the Subsidiaries and Associates listed above in the Group Balance Sheet is to increase both reserves and net assets by £35,860,000 (2020/21 £15,483,000 increase).

All Subsidiaries and the Associate have prepared their accounts on a 'going concern' basis. The Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue. Apart from the disclosures made in the Notes to the Group Accounts there were no material amounts or details in relation to associates or managed funds.

4. Group Comprehensive Income & Expenditure Statement – Financing and Investment Income & Expenditure

	2021/22 £'000	2020/21 £'000
Council Financing and Investment Income & Expenditure	23,604	24,836
Subsidiaries	(70)	(37)
Charitable Trusts	(127)	(534)
Common Good	(5)	(10)
Total Group CI&ES Financing and Investment Income & Expenditure	<u>23,402</u>	<u>24,255</u>

5. Group Balance Sheet - Investments

	2021/22 £'000	2020/21 £'000
Council Investments	209,301	161,577
Charitable Trusts Investments	3,261	2,611
Common Good Investments	2,057	2,057
Total Group Investments	<u>214,619</u>	<u>166,245</u>

6. Group Balance Sheet – Short term Debtors (net of provisions)

	2021/22 £'000	2020/21 £'000
Net Debtors Balance - Note 28 to the Financial Statements	46,052	41,599
Subsidiary Debtors	2,214	1,670
Charitable Trust		
Debtors	279	250
Inter-company elimination	(276)	(222)
Common Good		
Debtors	454	305
Inter-company elimination	(448)	(305)
Total Group Debtors	<u>48,275</u>	<u>43,297</u>

7. Group Balance Sheet – Short term Creditors

	2021/22 £'000	2020/21 £'000
Net Creditors Balance - Note 29 to the Financial Statements	(73,570)	(68,866)
Charitable Trust		
Creditors	(10)	(9)
Inter-company elimination	276	222
Common Good		
Creditors	(117)	(127)
Inter-company elimination	448	305
	<u>(72,973)</u>	<u>(68,475)</u>
Subsidiary Creditors	<u>(3,727)</u>	<u>(3,421)</u>
Total Group Creditors	<u>(76,700)</u>	<u>(71,896)</u>

8. Group Balance Sheet - Pension Liability

	2021/22 £'000	2020/21 £'000
Net Pensions Liability at 31 March - Note 18 to the Financial Statements	(55,995)	(105,334)
Subsidiaries	<u>(9,661)</u>	<u>(12,978)</u>
Group Pension Liability at 31 March	<u>(65,656)</u>	<u>(118,312)</u>

9. Group Cash Flow Statement

There has been no impact on the Group Cash Flow Statement from the inclusion of the Tayside Valuation Joint Board, Tayside Contracts Joint Committee, or the Perth & Kinross Integration Joint Board. Cash transactions between the Joint Boards and the Council are already included within the Council's Cash Flow Statement and there were no dividend transactions.

The impact of the inclusion of Live Active Leisure Ltd., Horsecross Arts Ltd. and Culture Perth & Kinross Ltd. within the Group Cash Flow Statement is to increase the movement in the net cash position by £11,575,000 (2020/21, increase of £10,352,000). A cash increase of £7,807,000 represents the Council's 100% share of Live Active Leisure Ltd., a cash increase of £1,791,000 represents the Council's 100% share of Horsecross Arts Ltd and a cash increase of £1,977,000 represents the Council's 100% share of Culture Perth & Kinross Ltd.

10. Group Cash Flow – Investing Activities

	2021/22 £'000	2020/21 £'000
Council Investing Activities	(48,326)	(100,509)
Subsidiaries	<u>525</u>	<u>(1,397)</u>
	<u>(47,801)</u>	<u>(101,906)</u>

11. Group Cash Flow – Financing Activities

	2021/22 £'000	2020/21 £'000
Council Financing Activities	23,561	21,922
Subsidiaries	<u>0</u>	<u>0</u>
	<u>23,561</u>	<u>21,922</u>

12. Related Party Transactions

The under noted balances, which all relate to the supply of goods and services, existed between the Tayside Valuation Joint Board and the Council at the year-end:

	Balance Due		Balance Due	
	From 31.3.22 £'000	To 31.3.22 £'000	From 31.3.21 £'000	To 31.3.21 £'000
Tayside Valuation Joint Board	0	13	18	0

REMUNERATION REPORT FOR FINANCIAL YEAR 2021/2022

1. Introduction

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) require local authorities in Scotland to prepare a Remuneration Report as part of their annual statutory accounts. The disclosures within this report have been prepared in accordance with guidance issued by the Scottish Government on 13 May 2011 in Local Government Finance Circular No 8/2011 (subsequently updated). This guidance prescribes the content and format of the information presented within the Remuneration Report and specifies that remuneration disclosures are to be based upon taxable expenses and benefits. The disclosures are set out in accordance with proper accounting practice as prescribed by the Code of Practice on Local Authority Accounting in the UK and include prior year comparative figures.

2. Audit of Remuneration Report

The Remuneration Report is a statement in its own right rather than a note to the accounts and certain disclosures within the report are subject to audit.

All information disclosed in tables 1 to 7 in this Remuneration Report will be audited by the Council's appointed auditor KPMG. The other sections of the Remuneration Report will be reviewed by KPMG to ensure that they are consistent with the financial statements.

3. Remuneration of Senior Councillors

- 3.1 The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either, the Leader of the Council, the Civic Head (Provost), Senior Councillors or Councillors. The Leader of the Council and the Civic Head 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.
- 3.2 When determining the level of remuneration for Councillors the Scottish Ministers considered the recommendations of the former Scottish Local Authority Remuneration Committee (SLARC). SLARC was 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 Committee was stood down in February 2013.
- 3.3 The Regulations set out the salary that is to be paid to the Leader of the Council in accordance with bandings also set out in the Regulations. The Regulations also permit the Council to remunerate one Civic Head, which in the case of Perth & Kinross Council is the Provost, and set out the maximum salary that may be paid to that Civic Head. For 2021/22 the maximum salary for the Leader of Perth & Kinross Council is £37,213 and the Council has agreed that the Civic Head be paid 75% of the salary of the Leader, which for 2021/22 is a maximum of £27,910. Please refer to Table 1.
- 3.4 In addition to the Leader of the Council and Civic Head, Regulations also set out the maximum number of Senior Councillors the Council may have; the maximum yearly amount that may be paid to a Senior Councillor (75% of the total yearly amount payable to the Leader of the Council) and the maximum yearly amount payable by the Council for all Senior Councillors. Perth & Kinross Council may have a maximum of 14 Senior Councillors with a maximum salary of £27,910 and a maximum yearly amount payable for all Senior Councillors of £325,598 in 2021/22 (excluding the Council Leader, Civic Head, Conveners and Vice Conveners of Joint Boards). The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.
- 3.5 The Regulations also set out the remuneration payable to Councillors with the responsibility of a Convener or a Vice-Convener of a Joint Board such as Tayside Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice-Convener is a member. Joint Board Conveners and Vice-Conveners are considered to be Senior Councillors for remuneration disclosure purposes. In financial year 2021/22, no Councillors from Perth & Kinross Council were remunerated as a Convener or Vice Convener of a Joint Board.
- 3.6 During 2021/22 Perth & Kinross Council had 10 Senior Councillors between 1 April 2021 to 29 August 2021. From 30 August 2021 this increased to 11 Senior Councillors for the purposes of the Remuneration Report. Details are provided in Table 1. Together with the Leader of the Council and the Provost, the total remuneration including taxable expenses paid to these Councillors was £329,759. The individual amounts payable to the Leader of the Council, the Provost (Civic Head), and the Senior Councillors of Perth & Kinross Council in 2021/22 are set out in Table 1. 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 members of the pension scheme.

Table 1: Remuneration of Senior Councillors, Conveners and Vice-Conveners of Joint Boards for Financial Year 2021/22

Name and Post Title	Salary, Fees & Allowances 2021/22 £	Taxable Expenses 2021/22 (Note 1) £	Total Remuneration 2021/22 £	Total Remuneration 2020/21 (Note 3) £
D Murray Lyle Council Leader Convener Strategic Policy & Resources Committee (to 29/08/2021)	37,213	0	37,213	35,720
Dennis Melloy Provost (Civic Head)	27,910	0	27,910	26,792
Chris Ahern Convener Licensing Committee	24,992	0	24,992	23,992
Kathleen Baird Convener Licensing Board	24,992	0	24,992	23,992
Bob Brawn Convener Housing & Communities Committee	24,992	0	24,992	23,992
Eric Drysdale Convener Audit Committee	24,992	0	24,992	23,992
John Duff Convener Strategic Policy & Resources Committee (from 30/08/2021)	14,716	0	14,716	n/a
Angus Forbes Convener Environment & Infrastructure Committee	24,992	0	24,992	23,985
Grant Laing Leader of the Largest Opposition Group	24,992	0	24,992	23,996
Rosalind McCall Convener Planning & Development Management Committee	24,992	0	24,992	23,992
Sheila McCole Convener Scrutiny Committee	24,992	0	24,992	23,992
Caroline Shiers Convener Lifelong Learning Committee	24,992	0	24,992	23,985
Henry Anderson Convener Local Review Body	n/a	n/a	n/a	18,000
Lewis Simpson Convener Local Review Body	24,992	0	24,992	4,326
TOTAL (Note 2)	329,759	0	329,759	300,756

Notes:

- (1) Taxable Expenses relate to meals provided by the Council. Only those expenses incurred whilst undertaking a Senior Councillor role are included.
- (2) After adjusting for the salaries of the Leader of the Council and the Civic Head (Provost), the total salaries paid to Senior Councillors in 2021/22 was £264,636 which compares with the maximum under Regulations of £325,598
- 3.7 The arrangements for political decision-making structures within Perth & Kinross Council as at 31 March 2022, which encompassed the salaries of all elected members including the Council Leader, Civic Head and Senior Councillors, were agreed at the meeting of the full Council on 17 May 2017 (Report No. 17/81 refers) and are available on the Council's website.
- 3.8 The Council paid the following salaries and expenses to all Councillors (including those listed in Table 1 above) in financial year 2021/22:

Table 2: Remuneration Paid to Councillors 1 April 2021 to 31 March 2022

Type of Remuneration	2021/22 £	2020/21 £
Salaries	839,745	774,276
Taxable Expenses	0	185
Total	839,745	774,461

- 3.9 The annual return of Councillors' salaries and expenses for 2021/22 is available for any member of the public to view at Perth & Kinross Council, 2 High Street, Perth; Culture Perth & Kinross Ltd. libraries and Council local area offices during normal working hours and is also available on the Council's website at Councillors Expenses.
- 3.10 The information in the annual return of Councillors' salaries and expenses for 2021/22 differs from the information presented within the Remuneration Report as the Remuneration Report excludes the payment of expenses which are not subject to taxation such as receipted car mileage expenses; expenditure on public transport and subsistence expenses.

4. Remuneration of Senior Employees

- 4.1 The Council is required to publish the remuneration of Senior Employees as defined by the disclosure regulations. Senior employees are defined with reference to their management authority; to the political restriction placed upon their post under section 2(1) (a), (b) or (c) of the Local Government Housing Act 1989 and with reference to their reporting relationship to the Council's 'Head of Paid Service' or Chief Executive. The disclosure requirements also include any employee whose annual remuneration is £150,000 or more. No employee of Perth & Kinross Council was remunerated at this level in 2021/22.
- 4.2 The application of the disclosure regulations in relation to the management structure of Perth & Kinross Council defines the following post-holders as senior employees in 2021/22:
- The Chief Executive as the statutory head of paid service.
 - The Executive Director of Education & Children's Services as the Council's chief education officer, the Head of Legal and Governance Services as the Council's statutory monitoring officer; the Head of Finance as the Council's proper officer for financial administration and the Council's statutory Chief Social Work Officer.
 - The Executive Director of Communities, the Chief Operating Officer and the Chief Officer of the Perth & Kinross Health & Social Care Partnership, that are officers who are directly accountable to the Council's head of paid service and/or are directly accountable to the Council or any committee or sub-committee.
- 4.3 The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities.
- 4.4 The remuneration of senior employees of Perth & Kinross Council and its Subsidiaries for 2021/22 is detailed in table 3 below:

Table 3: Remuneration of Senior Employees of the Council and its Subsidiaries for Financial Year 2021/22
(Job titles as at 31 March 2022)

Name and Post Title	Salary, Fees & Allowances 2021/22 £	Compensation for Loss of Office £	Total Remuneration 2021/22 £	Total Remuneration 2020/21 (Note 5) £
Thomas Glen Chief Executive (from 01/11/2021) (Note 1)	57,853	n/a	57,853	n/a
Barbara Renton Executive Director of Communities and Acting Chief Executive (to 31/10/2021) (Notes 2 & 3)	138,445	n/a	138,445	122,200
Karen Reid Chief Executive	n/a	n/a	n/a	126,142
James Valentine Depute Chief Executive	n/a	n/a	n/a	50,869
Gordon Paterson Chief Officer, Perth & Kinross Health & Social Care Partnership (to 06/03/2022)	113,523	n/a	113,523	120,426
Sheena Devlin Executive Director of Education & Children's Services and Chief Education Officer	122,221	n/a	122,221	120,426
Karen Donaldson Chief Operating Officer	113,082	n/a	113,082	112,921
Jacqueline Pepper Interim Chief Officer, Perth & Kinross Health & Social Care Partnership (from 07/03/2022) and Chief Social Work Officer (Note 4)	100,887	n/a	100,887	97,796
Lisa Simpson Head of Legal & Governance Services	97,842	n/a	97,842	95,872
Stewart MacKenzie Head of Finance	93,552	n/a	93,552	92,017

Name and Post Title	Salary, Fees & Allowances 2021/22	Compensation for Loss of Office	Total Remuneration 2021/22	Total Remuneration 2020/21 (Note 5)
	£	£	£	£
Nick Williams Horsecross Arts Limited – Chief Executive	70,394	n/a	70,394	65,845
Paul Cromwell Live Active Leisure – Chief Executive	78,534	n/a	78,534	78,534
Helen Smout Culture Perth & Kinross Limited – Chief Executive	64,458	n/a	64,458	63,200
TOTAL	1,050,791	0	1,050,791	1,146,248

Notes:

- (1) The substantive salary for the Chief Executive is laid down in COSLA Circular CO/151.
- (2) Salary, fees and allowances include a temporary higher duty payment of £11,559 as Acting Chief Executive up to 31/10/2021.
- (3) Salary, fees and allowances include a Returning Officer Fee of £4,984.

- 4.5 Election fees are included with senior employee salaries. No other taxable benefits or bonuses were received by the above-named senior employees of Perth & Kinross Council in 2021/22.
- 4.6 Pay award arrears for the period 01/01/2022 – 31/03/2022 are included within the senior employees salary, fees and allowances for 2021/22.

5. General Disclosure of Remuneration by Pay Band

- 5.1 In accordance with the disclosure regulations, Table 4 below details the number of Perth & Kinross Council employees (including teachers) whose annual remuneration in 2021/22 was £50,000 or more, including senior employees subject to individual disclosure in section 4 of this report. The information is presented, as required, in bandings of £5,000.

Table 4: Remuneration of Employees by Pay Band for 2021/22

Remuneration Bands	Number of Employees	
	2021/22	2020/21
£50,000-£54,999	170	175
£55,000-£59,999	87	83
£60,000-£64,999	43	43
£65,000-£69,999	24	25
£70,000-£74,999	7	7
£75,000-£79,999	5	1
£80,000-£84,999	4	4
£85,000-£89,999	12	10
£90,000-£94,999	2	5
£95,000-£99,999	2	2
£100,000-£104,999	1	0
£105,000-£109,999	0	0
£110,000-£114,999	2	1
£115,000-£119,999	0	0
£120,000-£124,999	1	3
£125,000-£129,999	0	1
£130,000-£134,999	1	0
£135,000-£139,999	0	0
Total	361	360

Notes:

The £50,000 - £54,999 and £55,000 - £59,999 pay bands include 140 and 64 teaching staff respectively.

Table 5: The number of Exit Packages with Total Cost per band and Total Cost of Compulsory and Other Redundancies

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band (b) + (c)		(e) Total cost of exit packages in each band	
	2021/22	2020/21	2021/22	2020/21 (restated)	2021/22	2020/21 (restated)	2021/22 £'000	2020/21 £'000
£0 - £20,000	0	0	1	4	1	4	2	5
Total	0	0	1	4	1	4	2	5

- 5.2 The costs included within Table 5 are all non-recurring and include payments to individual officers and to the relevant Superannuation Fund.
- 5.3 All of the individual exit packages included within Table 5 have been subject to a full business case outlining the implications for the Council or are related to officers who have temporary contracts and their contract has ceased but they are entitled to a redundancy payment due to their length of employment. In terms of the financial assessment for each business case, the maximum payback period is up to five years. The departure of the individuals has delivered significant recurring savings to the Council in the past and also facilitated the delivery of an ambitious and challenging transformation / modernisation programme.
- 5.4 In previous years teacher retirements with no cost to the Council have been included within the number of other departures agreed. The 2020/21 figures have been restated to remove teacher retirements with no costs.

6. Remuneration by Subsidiary Bodies of Perth & Kinross Council

- 6.1 Councillors and senior employees of Perth & Kinross Council serve as board members, officials and technical advisors to subsidiary bodies of the Council. In 2021/22, the Head of Legal & Governance Services served as a proper officer to the Tayside and Central Scotland Transport Partnership (TACTRAN). No remuneration was paid to Councillors or senior employees of Perth & Kinross Council by subsidiary bodies of the Council in 2021/22.

7. Disclosure of Pension Benefits

- 7.1 The disclosure regulations require the separate disclosure of accrued pension benefits for Senior Councillors and senior employees of Perth & Kinross Council. Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). Councillors have only been eligible to join this scheme since May 2007.
- 7.2 Councillor's pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living as measured by the appropriate index between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.
- 7.3 From 1 April 2015 a career average scheme was implemented for local government employees. This means that pension is built up based on the pensionable pay for each year. The benefit is added to the employee's pension account plus inflation increases. The scheme's normal retirement age for both councillors and employees will vary dependant on age and length of pensionable service.
- 7.4 From 1 April 2009 a tiered contribution scheme was introduced with contributions from scheme members being based on how much pay falls into each tier. Prior to 2009 contribution rates were set at 6% for all non-manual employees.

Tiered Pension Contribution Rates for Local Government Pension Scheme Members in 2021/22

Actual Pensionable pay	Contribution Rate 2021/22
On earnings up to and including £22,300	5.5%
On earnings above £22,301 and up to £27,300	7.25%
On earnings above £27,301 and up to £37,400	8.5%
On earnings above £37,401 and up to £49,900	9.5%
On earnings above £49,901	12%

- 7.5 Pensionable Pay includes salary, plus any contractual elements of pay such as shift payment, night working payment, standby and the monetary value of any accommodation or other allowances in kind pertaining to employment.
- 7.6 Under the scheme there is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The pension is built up based on pensionable pay in the year with an accrual rate of 1/49th added to the pension account. (Prior to 2015 the accrual rate was 1/60th of final pensionable

salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

- 7.7 The value of accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on their 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. The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.

7.8 Pension Entitlements of Senior Councillors

The pension entitlements of Senior Councillors of Perth & Kinross Council for the year to 31 March 2022 are shown in Table 6 below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Table 6: Pension Entitlements of Senior Councillors for Financial Year 2021/22

Name and Post Title	In-year pension contributions		Accrued Pension Benefits			
	2021/22 £	2020/21 (Note 2) £		as at 31/03/2022 £'000	as at 31/03/2021 £'000	Difference £'000
Murray Lyle Council Leader Convener Strategic Policy & Resources Committee (to 29/08/2021)	6,326	6,071	Pension Lump Sum	8 2	7 2	1 0
Dennis Melloy Provost (Civic Head)	338	4,553	Pension Lump Sum	9 2	9 2	0 0
Chris Ahern Convener Licensing Committee	4,249	4,077	Pension Lump Sum	2 0	2 0	0 0
Kathleen Baird Convener Licensing Board	4,249	4,077	Pension Lump Sum	4 0	3 0	1 0
Bob Brawn Convener Housing & Communities Committee	4,249	4,077	Pension Lump Sum	2 0	2 0	0 0
Eric Drysdale Convener Audit Committee	4,249	4,077	Pension Lump Sum	2 0	2 0	0 0
John Duff Convener Strategic Policy & Resources Committee (from 30/08/2021)	3,807	n/a	Pension Lump Sum	2 0	n/a n/a	n/a n/a
Angus Forbes Convener Environment & Infrastructure Committee	4,249	4,077	Pension Lump Sum	2 0	2 0	0 0
Grant Laing Leader of the Largest Opposition Group	4,249	4,077	Pension Lump Sum	4 0	3 0	1 0
Rosalind McCall Convener Planning & Development Management Committee	4,249	4,077	Pension Lump Sum	2 0	2 0	0 0
Sheila McCole Convener Scrutiny Committee	4,249	4,077	Pension Lump Sum	2 0	2 0	0 0
Caroline Shiers Convener Lifelong Learning Committee	4,249	4,077	Pension Lump Sum	6 2	5 2	1 0
Henry Anderson Convener Local Review Body	n/a	3,058	Pension Lump Sum	n/a n/a	n/a n/a	n/a n/a
Lewis Simpson Convener Local Review Body	4,249	3,228	Pension Lump Sum	7 2	6 2	1 0
TOTAL	52,961	53,603				

Notes:

- (1) The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current appointment. Councillors have only been eligible to join the Local Government Pension Scheme since May 2007.

7.9 Pension Entitlements of Senior Employees

The pension entitlements of senior employees of Perth & Kinross Council and its subsidiaries for the year to 31 March 2022 are shown in Table 7 below, together with the contribution made by the Council to each senior employee's pension during the year.

Table 7: Pension Entitlements of Senior Employees of the Council and its Subsidiaries for Financial Year 2021/22 (Post titles as at 31 March 2022)

Name and Post Title	In-year pension contributions		Accrued Pension Benefits (Note 1)			
	2021/22 £	2020/21 £		as at 31/03/2022 £'000	as at 31/03/2021 £'000	Difference £'000
Thomas Glen Chief Executive (from 01/11/2021)	9,835	n/a	Pension Lump Sum	1 0	n/a n/a	n/a n/a
Barbara Renton Executive Director of Communities and Acting Chief Executive (to 31/10/2021)	22,688	20,715	Pension Lump Sum	32 9	28 8	4 1
Karen Reid Chief Executive	n/a	19,557	Pension Lump Sum	n/a n/a	29 1	n/a n/a
James Valentine Depute Chief Executive	n/a	7,070	Pension Lump Sum	n/a n/a	47 104	n/a n/a
Gordon Paterson Chief Officer, Perth & Kinross Health & Social Care Partnership (to 06/03/2022)	19,299	20,472	Pension Lump Sum	59 103	56 103	3 0
Sheena Devlin Executive Director of Education & Children's Services and Chief Education Officer	20,723	20,472	Pension Lump Sum	66 116	63 115	3 1
Karen Donaldson Chief Operating Officer	19,087	19,197	Pension Lump Sum	53 90	51 91	2 -1
Jacqueline Pepper Interim Chief Officer, Perth & Kinross Health & Social Care Partnership (from 07/03/2022) and Chief Social Work Officer	17,066	16,625	Pension Lump Sum	36 26	26 25	10 1
Lisa Simpson Head of Legal & Governance Services	16,468	16,298	Pension Lump Sum	13 0	11 0	2 0
Stewart MacKenzie Head of Finance	15,813	15,643	Pension Lump Sum	44 65	42 64	2 1
Nick Williams Horsecross Arts Limited – Chief Executive	11,542	11,194	Pension Lump Sum	3 0	2 0	1 0
Paul Cromwell Live Active Leisure – Chief Executive	13,351	13,351	Pension Lump Sum	21 12	20 12	1 0
Helen Smout Culture Perth & Kinross Limited - Chief Executive	10,958	10,744	Pension Lump Sum	23 23	21 22	2 1
TOTAL	176,830	191,338				

Notes:

- (1) Accrued pension benefits include total benefits accumulated during all membership of the Local Government Pension Scheme and not just service in their current role (where transfers in have taken place).

Signed:



Thomas Glen
Chief Executive

Perth & Kinross Council
27 October 2022



Councillor Grant Laing
Leader of the Council

Perth & Kinross Council
27 October 2022

GLOSSARY

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

BEACON METHOD (ADJUSTED VACANT POSSESSION METHOD)

Based on the (vacant possession) market value of the asset which is the adjusted to reflect the assets' use for social housing with a sitting tenant.

CAA

Capital Adjustment Account

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE & DEMOCRATIC CORE

The corporate and democratic core comprises all the activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the Council by the end of that accounting period.

CRR

Capital Receipts Reserve

CURRENT VALUE

The measurement of operational assets used for the delivery of Council services. Property, plant and equipment is measured on the basis of service potential using existing use value for assets where an active market exists, existing use value-social housing for operational Council dwellings or depreciated replacement cost for assets where there is no market and/or the asset is specialised.

DBFM

Design Build Finance Maintain - A Non-Profit Distribution (NPD) model to Design, Build, Finance, and Maintain infrastructure which requires the private sector to take a fixed rate of return. The DBFM agreement provides the Council with the right to receive services in return for an annual payment (unitary charge) which comprises the costs of construction, finance, and maintenance, and for the provision of any agreed additional services, for the duration of the agreement.

DISCOUNTED CASH FLOW METHOD

Quantifies the cash-generating potential, stated at present value, of the housing operation taking into account the estimated future income and expenditure streams.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the Council by the end of that period.

EXISTING USE VALUE FOR SOCIAL HOUSING (EUV-SH)

Is the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction.

FAIR VALUE

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

FIAA

Financial Instruments Adjustment Account

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NON-DISTRIBUTED COSTS

These are overheads which cannot be directly allocated to a specific area of activity and as such are not apportioned to services.

PPE

Property, Plant & Equipment

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

An agency of HM Treasury, which provides loans mainly for capital purposes of one year or more to authorities at interest rates of up to 2% above those at which the UK Government can itself borrow at.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

**Delayed Office Opening
for Employee Training**

*This office will be closed from
8.45 am - 11.00 am on the first
Thursday of each month.*



Finance Division

*Head of Service **Stewart MacKenzie***

2 High Street, PERTH, PH1 5PH
Tel 01738 475500

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Contact Mr Stewart MacKenzie
Email: SMackenzie@pkc.gov.uk
www.pkc.gov.uk

Our ref KPMG

Your ref

Date 27 October 2022

Dear Sirs,

This representation letter is provided in connection with your audit of the Group and council only financial statements of Perth and Kinross Council ("the Council"), for the year ended 31st March 2022 for the purpose of expressing an opinion:

- i. as to whether these financial statements, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 give a true and fair view of the state of the Group's and of the Council's affairs as at 31st March 2022 and of the Group's and Council's income and expenditure for the financial year then ended;
- ii. whether the group and council financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"), as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; and
- iii. whether the financial statements 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.

These financial statements comprise the following: Balance sheets, the Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, and Cash Flow Statements for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

I confirm that, the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

I confirm that, to the best of my knowledge and belief, having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

Financial statements

1. I have fulfilled my responsibilities, as set out in the terms of the audit engagement dated 31 May 2016, for the preparation of financial statements that:
 - i. give a true and fair view of the state of the Group's and of the Council own affairs as at the end of its financial year and of the Group's and Council own income and expenditure for that financial year ;
 - ii. have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; and
 - iii. 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.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used by me in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. I have provided you with:
 - access to all information of which I am aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from me for the purpose of the audit; and
 - unrestricted access to persons within the Group and the Council from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. I confirm the following:

I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

8. I have disclosed to you all information in relation to:

a) Fraud or suspected fraud that I am aware of and that affects the Group and the Council and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements; and

b) allegations of fraud, or suspected fraud, affecting the Group and the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, I acknowledge my responsibility for such internal control as I determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

9. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

10. I have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

11. I have disclosed to you the identity of the Group and the Council's related parties and all the related party relationships and transactions of which I am aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as I understand them and as defined in IAS 24.

12. I confirm that:

- The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Council's and the Group's ability to continue as a going concern as required to provide a true and fair view and to comply with IAS 1 Presentation of Financial Statements.
- No material events or conditions exist that may cast significant doubt on the ability of the Council and the Group to continue as a going concern.

13. On the basis of the process established by me and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with my knowledge of the business and are in accordance with the requirements of IAS 19 (revised) Employee Benefits.

I further confirm that:

- all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,have been identified and properly accounted for; and
- all plan amendments, curtailments and settlements have been identified and properly accounted for.

14. I confirm that I have appropriately recognised heritage assets, completely and accurately, to the extent possible in accordance with FRS 102, Section 34 Specialised Activities as interpreted and adapted under the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, including any revaluation, and confirm that:

- For those assets not recognised on the Group's and Council's Balance Sheet, a relevant and appropriate value cannot be obtained at a cost that is commensurate with the benefits to users of the financial statements, and there is no historic cost information for those assets to otherwise be recognised; and
- in respect of those assets not recognised on the Group's and Council's Balance Sheet, in some cases for which an insurance cover amount has been obtained, I do not consider the insurance cover amount to be a relevant, reliable or appropriate valuation meeting the requirements for recognition as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 and 'LASAAC Guidance on Accounting for Heritage Assets (May 2012)'.

This letter was tabled and agreed at the meeting of the Audit & Resources Committee on 27 September 2022.

Yours faithfully,



Stewart MacKenzie

Head of Finance

Appendix to the Board Representation Letter of Perth and Kinross Council: Definitions

Financial Statements

IAS 1.10 states that “a complete set of financial statements comprises:

- a statement of financial position as at the end of the period;
- a statement of profit or loss and other comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in IAS 1 paragraphs 38 and 38A; and
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with IAS 1 paragraphs 40A-40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’.”

Additionally, the financial statements contain the Council Statement of Financial Position, Statement of Changes in Equity, a Statement of Cash Flows and related notes.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity’s assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the “reporting entity”).

1. A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2. An entity is related to a reporting entity if any of the following conditions applies:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the

reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- The entity is controlled, or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a government that has control or joint control of, or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Appendix 1 – Schedule of uncorrected misstatements

1. Judgemental unadjusted audit difference for additional obsolescence for external works areas of £6,839,000

Debit reserves and credit Property, plant and equipment.

(The specific split of the debit side of the entry between income and expenditure or various reserves is not known due to extensive additional analysis required)



Perth & Kinross Council

Annual audit report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2022

28 October 2022

Contents

	Page
Executive Summary	3
Introduction	4
Financial statements and accounting	5
Wider scope and Best Value	19
Appendices	35

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code").

This report is for the benefit of Perth & Kinross Council and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Michael Wilkie, who is the engagement leader for our services to Perth & Kinross Council, telephone 0141 300 5890 or email to michael.wilkie@kpmg.co.uk, who will try to resolve your complaint. If your problem is not resolved, you should contact Hugh Harvie, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6682 or by emailing hugh.harvie@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Vicki Bibby, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

Executive summary

Significant risks

Pages 7-12

- Management override of controls fraud risk Page 7
- Fraud risk from income recognition and expenditure Page 8
- Revaluation of property, plant and equipment, and investment property Page 9
- Retirement benefits Page 11
- Wider scope areas (*no significant risks identified*) Page 19

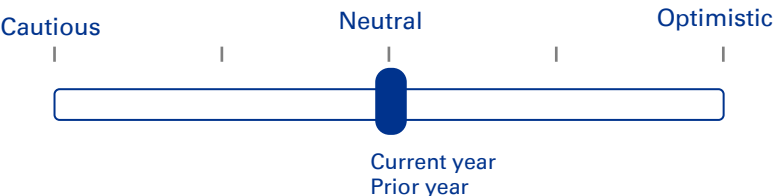
Open recommendations

Appendix four and five
Number

- Significant recommendations 1
- Other recommendations 3
- Minor recommendations 5

Accounting judgements related to estimates

Page 13



Overall we are satisfied with the key accounting judgments taken and that discussion of these matters in the section of the accounting policies appropriately addresses the matters we have communicated to you.

Going concern

Page 14

As part of the revised requirements of the Financial Reporting Council, we completed detailed testing of management's assertion that the Council is a going concern. We consider that the Council has sufficient net assets, and sufficient tax raising powers to support this assertion. We also report that legislation ultimately requires the Council and Group accounts to be prepared on a going concern basis, and we were satisfied with this assessment.

Misstatements

Appendix three

We reported one misstatement relating to a disclosure note which was corrected. There was one judgemental uncorrected misstatement related to valuation of property.

Scope and responsibilities

Purpose of this report

The Accounts Commission has appointed KPMG LLP as auditor of Perth and Kinross Council (the Council) under part VII of the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2016-17 to 2021-22.

Our annual audit report is designed to summarise our opinions and conclusions on significant issues arising from our audit. It is addressed to both those charged with governance at the Council and the Controller of Audit. The scope and nature of our audit are set out in our audit strategy document which was presented to the Perth and Kinross Council on 28 March 2022.

Audit Scotland's Code of Audit Practice ("the Code") sets out the wider dimensions of public sector audit which involves not only the audit of the financial statements but also consideration of wider scope areas. The reports incorporate both aspects of the Code.

Accountable officer responsibilities

The Code sets out the Council's responsibilities in respect of:

- corporate governance;
- financial statements and related reports;
- standards of conduct for prevention and detection of fraud and error
- financial position; and
- Best Value.

Auditor responsibilities

This report reflects our overall responsibility to carry out an audit in accordance with our statutory responsibilities under the Act and in accordance with International Standards on Auditing (UK) ("ISA") issued by the Financial Reporting Council ("FRC") and the Code. Appendix eight sets out how we have met each of the responsibilities set out in the Code.

Scope

An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Weaknesses or risks identified are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist.

Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Under the requirements of ISA 260 *Communication with those charged with governance*, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity.

This report to those charged with governance and our presentation to the audit and risk committee, together with previous reports to the audit and risk committee throughout the year, discharges the requirements of ISA 260.

Limitations on work performed

This Report is separate from our audit report in the annual accounts and does not provide an additional opinion on the Council's annual accounts nor does it add to or extend or alter our duties and responsibilities as auditors in accordance with the Code.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

Audit conclusions

Audit opinion

Following approval of the annual accounts by the audit and risk committee, we have issued an unqualified opinion on the truth and fairness of the state of the Council's affairs as at 31 March 2022, and of the deficit on the provision of services for the year then ended. We have also issued an unqualified opinion on the truth and fairness of the state of the Perth and Kinross Council Charitable Trusts' affairs as at 31 March 2022. There are no matters identified on which we are required to report by exception.

Financial reporting framework, legislation and other reporting requirements

The Council is required to prepare its annual accounts in accordance with International Financial Reporting Standards ("IFRS"), as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 ("the CIPFA Code"), and in accordance with the Local Authority Accounts (Scotland) Regulations 2014. Our audit confirmed that the annual accounts have been prepared in accordance with the CIPFA Code and relevant legislation.

The Perth and Kinross Council Charitable Trust's financial statements are prepared in accordance with the Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audits confirmed that the annual accounts have been prepared in accordance with the relevant charity accounting legislation.

Annual accounts preparation and audit readiness

After being considered by the audit and risk committee, the signed draft accounts were made available to us on 28 June 2022. The Council's finance team continued to perform well in its delivery of high quality annual accounts, particularly considering the continuing operational impact of Covid-19. We appreciate that management effectively prioritised preparation of the financial statements and worked with KPMG to ensure continued responsiveness to audit. We consider that Council officers are particularly diligent in preparation of the annual accounts and provision of supporting documentation with a clear focus on accuracy of attention to detail which is commendable.

Statutory reports

We have not identified any circumstances to notify the Controller of Audit that indicate a statutory report may be required.

Other communications

We did not encounter any significant difficulties during the audit. There were no other significant matters arising from the audit that were discussed, or subject to correspondence with management that have not been included within this report. There are no other matters arising from the audit, that, in our professional judgement, are significant to the oversight of the financial reporting process.

Audit misstatements

There was one misstatement (disclosure related) identified throughout the audit which was corrected by management. There was one uncorrected misstatement (judgemental) which related to valuation of property. Further details are included on page 39.

Written representations

Our representation letter will be amended to include additional representations on the treatment of Heritage Assets. There were no further additional representations to those that are standard as required for our audit.

Materiality and summary of risk areas

Materiality

We summarised our approach to materiality in our audit strategy document. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that the level of materiality set at planning was still relevant.

We used a materiality of £10.0 million for the Council's standalone financial statements, and £10.2 million for the Group financial statements. The Council's materiality equates to 1.7% of Council gross expenditure on the provision of services, adjusted for revaluation charges recognised in the year, and funding provided to the Perth and Kinross Integration Joint Board ("the IJB"). We designed our procedures to detect errors in specific accounts at a lower level of precision than our materiality. For the standalone accounts our performance materiality was £7.5 million, and for the Group accounts it was £7.7 million. We report all identified misstatements greater than £250,000.

Forming our opinions and conclusions

In gathering the evidence for the above opinions and conclusions we:

- performed controls testing and substantive procedures to ensure that key risks to the annual accounts have been covered;
- communicated with the Chief Internal Auditor and reviewed internal audit reports as issued to the audit and risk committee to ensure all key risk areas which may be viewed to have an impact on the annual accounts had been considered;
- reviewed estimates and accounting judgements made by management and considered these for appropriateness;
- considered the potential effect of fraud on the annual accounts through discussions with senior management and internal audit to gain a better understanding of the work performed in relation to the prevention and detection of fraud; and

- attended audit committee meetings to communicate our findings to those charged with governance, including private sessions with members, and to update our understanding of the key governance processes.

Significant risks and other focus areas in relation to the audit of the financial statements

We summarise below the risks of material misstatement as reported within the audit strategy document.

Significant risks:

- Management override of controls fraud risk;
- Fraud risk from income recognition and expenditure;
- Revaluation of property, plant and equipment, and investment property; and
- Retirement benefit obligation.

We also report on the previously identified audit focus area in respect of Capital Expenditure.

No changes to significant risks or other matters were identified during the course of our audit.

Most significant assessed risks of material misstatement

We set out on pages 7 through 12 the significant risks identified in the audit, together with our conclusions. The audit opinion within the annual accounts includes a reference to the most significant assessed risks of material misstatement, which equates to the significant risks included in this annual audit report. This annual audit report does not constitute our audit opinion; the opinion is included within the annual accounts.

Significant risks

We set out below the significant risk identified in the audit, together with our conclusion. The audit opinion within the annual accounts includes a reference to the most significant assessed risks of material misstatement, which is the significant risk included in this annual audit report. This annual audit report does not constitute our audit opinion; the opinion is included within the annual accounts.

Financial statements and accounting

SIGNIFICANT RISK	OUR RESPONSE	AUDIT CONCLUSION
<p>Management override of controls fraud risk</p> <p>A presumed risk we are required to consider covers fraud risk from management override of control.</p> <p>Management is typically in a position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk.</p> <p>This is an assumed risk per ISA 240 <i>The Auditor's responsibilities related to fraud in the audit of financial statements</i>.</p>	<p>Our audit methodology incorporates the risk of management override as a default significant risk. We did not identify any specific additional risks of management override relating to the audit of the Council.</p> <p>Strong oversight of finances by management provides additional review of potential material errors caused by management override of controls.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> — controls testing and substantive procedures, including over journal entries and accounting estimates (such as over property revaluations and pensions); and — review of significant transactions that are outside the Council's normal course of business, or are otherwise unusual. 	<p><i>We did not identify any indicators of management bias or management fraud during the audit or as a result of our controls testing as presented on pages 23- 26.</i></p> <p>Our testing of journal entries was satisfactory and we have obtained sufficient audit evidence as a result of our planned procedures. No issues were identified.</p> <p>We did not identify any significant transactions that are outside the Council's normal course of business, or are otherwise unusual.</p>

Significant risks (continued)

SIGNIFICANT RISK	OUR RESPONSE	AUDIT CONCLUSION
<p>Fraud risk from income recognition and expenditure</p> <p>Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. This requirement is modified by Practice Note 10, issued by the FRC, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We consider that the Council's significant income streams, which include taxation and non-specific grant income are free of management judgement or estimation. We do not consider recognition of remaining income to represent a significant risk for the Council as there are limited incentives or opportunities to manipulate income recognition, and these are not likely to be materially inappropriate. We rebut this risk and did not incorporate specific work in this area beyond our standard fraud procedures.</p> <p>We consider that there is not a risk of improper recognition of expenditure in respect of payroll costs, financing and investment expenditure, or depreciation. These costs are routine in nature and not at risk of manipulation. We rebutted the risk of fraud over other operating expenditure on the basis of materiality.</p> <p>We did not rebut the assumed risk in respect of the remaining expenditure.</p>	<p>In respect of material income:</p> <ul style="list-style-type: none"> – non-ringfenced government grants are agreed in advance of the year, with any changes requiring government approval. There is no estimation or judgement in recognising this stream of income and we do not regard the risk of fraud to be significant. We agreed significant grants to supporting documentation. – the other major sources of income are from annual local taxes and rental income (council tax, non-domestic rates and housing incomes). These incomes are prescribed by law and other specific regulations, which prescribe the period in which annual local taxes and rental income is recognised as income. We performed tests of detail and substantive analytical procedures in our audit of these sources of income. <p>We performed procedures in respect of expenditure to:</p> <ul style="list-style-type: none"> – compare the outturn with the in year budget monitoring, considering variances; – test expenditure specifically to confirm correct capital vs revenue allocation; – test expenditure cut-off including a search for unrecorded liabilities and journals posted towards the year end; – test transactions focusing on the areas of greatest risk, including debtors, creditors, accruals, prepayments and provisions to challenge completeness and existence of these balances; and – review and challenge of management in respect of estimates for evidence of bias. 	<p><i>We have concluded that income and expenditure are appropriately recognised.</i></p> <p>Our review of variances of actual performance against budget did not highlight any errors.</p> <p>Testing of the operating effectiveness of controls over the procurement process and material invoice approval were performed.</p> <p>Substantive testing was performed in place of the planned control testing over capital vs revenue allocation with no issues noted.</p> <p>We performed testing of expenditure cut-off in the periods immediately preceding and subsequent to the annual accounts year end date. This involved testing transactions and journals either side of the cut-off date to ensure expenditure has been allocated to the appropriate period. We also undertook a detailed search for unrecorded liabilities, as well as testing estimates over accruals. We did not identify any errors in expenditure cut-off as a result of this testing.</p> <p>No exceptions were identified in respect of the specific debtors, creditors, accruals, prepayments, or provisions testing performed.</p> <p>No indications of management bias were identified.</p>

Significant risks (continued)

SIGNIFICANT RISK	OUR RESPONSE	AUDIT CONCLUSION
<p>Financial statements and accounting</p> <p>Revaluation of property, plant and equipment and investment property</p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the appropriate fair value at that date. In common with other councils, the Council has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. In 2021-22, nursery, primary and secondary schools, bus stations, Pullar House car park, industrial and business investment properties, shops, Breadalbane reading rooms and library, other miscellaneous non-operational properties, and assets transferred between balance sheet categories were subject to revaluation. The revaluation model also includes revaluation of assets with significant capital investment, and consideration of impairment indicators for all Council assets.</p> <p>The Council uses a valuation date of 1 April 2021 for valuation of property for the 31 March 2022 year end, and 1 August 2021 for all investment properties. We consider there to be a risk of material movement between these dates.</p>	<p>Our procedures included:</p> <p>Assets revalued in the year:</p> <p>A number of the Council's assets are revalued on an annual basis, including investment properties and assets held for sale. In relation to those assets which have been revalued during the year, we assessed the valuer's qualifications, objectivity and independence to carry out such valuations. We tested the accounting treatment for assets revalued to challenge whether the accounting treatment is appropriate and considered valuation inputs and assumptions used in the approach above.</p> <p>We also assessed the risk of the valuation changing materially during the year, or between the date of valuation and the year end, including sufficient scrutiny to address the impact that Covid-19 has had on the economic and market conditions over that period.</p> <p>Assessing methodology choice and benchmarking assumptions:</p> <p>We reviewed management's assessment of impairment indicators and assessed for completeness.</p> <p>We utilised our internal specialist to assess the methodology used including testing the underlying data inputs and assessing the assumptions used in comparison to available market information.</p> <p>We selected a sample of seven assets to agree calculation inputs to supporting evidence, considered in detail the revaluation calculations, and challenged the underlying assumptions. These assets were considered representative of the asset categories subject to revaluation in the year.</p>	<p>We found the resulting valuation of primary and secondary schools, Pullar House car park, other miscellaneous non-operational properties and investment properties to be acceptable and valued on an appropriate basis, which resulted in a net decrease in the assets revalued.</p> <p>We assessed the design and implementation of a control ensuring sufficient segregation of duties and authorisation of valuations. We concluded that the control was sufficiently designed and implemented such that senior colleagues responsible for review and valuation were appropriately qualified.</p> <p>We inspected management's roll forward of valuations from the date of valuation to the year end date and confirmed it was completed appropriately and in compliance with the principles of the CIPFA Code.</p> <p>Our internal valuation specialist, in conjunction with the audit team, concluded that the valuation methodology used by the Council's valuer was appropriate and consistent with the requirements of the CIPFA Code.</p> <p>We challenged the assumptions used in calculating the valuations including Building Cost Information Service ("BCIS") rates, estimated useful lives, and comparable data. The supporting documentation provided for the assumptions was readily available and of sufficient quality.</p> <p>We challenged management in respect of the tendency for school external works valuations having no obsolescence/depreciation applied. As a result, a further analysis of external works and possible depreciation thereon was performed by management, with oversight by the Council's internal valuer. The estimated impact was an additional obsolescence/depreciation charge of £6.8 million. Refer to page 39 for further details.</p>

Significant risks (continued)

SIGNIFICANT RISK	OUR RESPONSE	AUDIT CONCLUSION
<p>Revaluation of property, plant and equipment and investment property (continued)</p> <p>Given the quantum of the asset carrying values and the inherent use of assumptions in their valuation, we consider there to be a significant risk of misstatement.</p> <p>The 2021-22 Code also requires consideration that the carrying amount of assets do not differ materially from the current value at the end of the reporting period. Therefore, we consider there to be a risk in relation to the assets not revalued in the year, as their current value at year end may be materially different.</p>	<p>Continued...</p> <p>Assets not revalued in the year:</p> <p>We reviewed the approach that the Council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach, including any indicators of impairment.</p> <p>We considered and challenged the assumptions and judgements made by the Council in respect of their assessment of property valuations since 1 April 2016.</p> <p>We reviewed and tested the calculations and input data used by the Council to inform them of any indicators of impairment, or conversely property value increases that could represent a material misstatement.</p>	<p>Continued...</p> <p>We assessed the design and implementation of the year end review of non-revalued assets. In addition, this review was substantively tested by way of reperforming the review to ensure it was mathematically accurate and agreed to third party evidence where external rates were used. No issues were noted with this testing and we consider the valuation of assets not revalued in the year remains appropriate.</p> <p>Management and the Council's valuer have performed an impairment review which considers the potential impact on all significant categories of assets. We reviewed this assessment and undertook our own independent analysis to determine whether the non-revalued assets valuation was in compliance with the 2021-22 Code. We did not identify any non-compliance, or indicators of impairment for assets not revalued in the year.</p>

Significant risks (continued)

SIGNIFICANT RISK	OUR RESPONSE	AUDIT CONCLUSION
<p>Retirement benefit obligation</p> <p>The net pension liability (£56.0 million as at 31 March 2022, including assets of £1,084 million) represents a material element of the Council's Balance Sheet. The Council is an admitted body of Tayside Pension Fund, which had its last triennial valuation completed as at 31 March 2020. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the pension liability estimate, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions should be derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Council's pension obligation are not balanced. This could have a material impact to net pension liability accounted for in the financial statements.</p>	<p>Our audit approach included:</p> <p>Control design:</p> <ul style="list-style-type: none"> — Testing the design and operating effectiveness of controls over the provision of membership information to the actuary who uses it, together with management's review of assumptions, to calculate the pension obligation. <p>Benchmarking assumptions:</p> <ul style="list-style-type: none"> — Challenging, with the support of our own actuarial specialists, the key assumptions used by the actuary (the discount rate, inflation rate and mortality/life expectancy) against externally derived data. — Challenging the rate of increase in pensionable salaries assumption, by comparing it to other evidence such as business and transformation plans and our understanding of Government and staff expectations. — Considering the consistency of methodology <p>Assessing transparency:</p> <ul style="list-style-type: none"> — Considering the adequacy of the disclosures in respect of the sensitivity of the deficit to these assumptions — Assessing if the disclosures within the financial statements are in accordance with the 2021-22 CIPFA Code's requirements. 	<p><i>We are satisfied that the retirement benefit obligation:</i></p> <ul style="list-style-type: none"> — <i>is correctly recognised on the balance sheet as at 31 March 2022;</i> — <i>has been accounted for and disclosed correctly in line with International Accounting Standard ("IAS") 19 Retirement benefits; and</i> — <i>assumptions used in calculating this estimate and management's judgements are appropriate and within a range which we consider to be acceptable (see Appendix eight)</i> <p>Results of testing of controls in respect of provision of information to the actuary were satisfactory.</p> <p>The disclosures in the annual accounts are in line with the CIPFA Code's requirements, including relevant sensitivity analysis.</p>

Significant risks (continued)

SIGNIFICANT RISK	OUR RESPONSE	AUDIT CONCLUSION
<p>Retirement benefits (continued)</p> <p>Guaranteed minimum pensions (“GMP”) equalisation</p> <p>Following a UK High Court judgement on 26 October 2018, the Government published the outcome to its indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals’ public service pension would be extended to those individuals reaching State Pension Age (“SPA”) before 6 April 2021.</p> <p>McCloud and Goodwin judgements</p> <p>During 2019-20, two significant judgements impacting local government pension scheme reported were concluded upon.</p> <p>Both judgements are considered by KPMG to have an impact on the pension liability due to the level of estimation and assumptions used by management and the actuary. We therefore included these areas within our significant risk.</p> <p>In addition, CIPFA issued guidance in prior year relating to the Goodwin case, which relates to a male survivor of a female scheme member and is alleging direct sexual orientation discrimination.</p>	<p>Continued...</p> <p>GMP:</p> <p>We discussed with management any updates regarding this matter, and how these impacted the audit.</p> <p>On 20 November 2020, the High Court handed down a further judgment on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top-up historical Cash Equivalent Transfer Values that were calculated based on unequalised benefits.</p> <p>McCloud:</p> <p>CIPFA issued a supplement to CIPFA Bulletin 5 to provide an update on the McCloud and Goodwin cases in respect of pension liabilities. It confirmed that the Scottish Government consultation on proposals to provide a remedy to the McCloud and Sargeant cases as an adjusting event.</p> <p>As noted in our previous year’s annual audit report, no further changes were made to the calculation of the pension liability, however, we continue to monitor the Scottish Government’s consultation to determine whether further changes are required.</p> <p>Goodwin, Brewster and Langford:</p> <p>For the Goodwin case, although proposals have not yet been published, a statement from the Treasury confirmed that changes will be required that will increase pension liabilities. A contingent liability was disclosed in the 2019-20 annual accounts in respect of the Goodwin case, and we agreed that no disclosure was required in respect of the 2021-22 annual accounts due to the materiality of the impact, but we will continue to consider any guidance or statements from government which may quantify a change in liability.</p> <p>The other two cases apply to a small proportion of member’s benefits payable in certain circumstances.</p>	<p>Continued...</p> <p>Guaranteed minimum pensions (“GMP”) equalisation</p> <p>Full allowance for the 2018 GMP equalisation ruling was taken into account by the Council during 2019-20, and we are satisfied no further consideration is required.</p> <p>McCloud consultation</p> <p>The Employer recognised an additional liability of 0.6% of the DBO for McCloud in 2019, which we assessed for year-end 2019. This adjustment has been carried forward to 31 March 2022. There has been no significant changes to key assumptions, and in our view the Employer’s allowance in the DB obligation is appropriate.</p> <p>Goodwin, Brewster and Langford cases</p> <p>We have discussed such rulings with each of the actuarial firms (including management’s actuary), who communicated that they have made no allowance for them on the grounds of materiality.</p> <p>An estimate may be required in future once more is known but we agree with a nil allowance at this time given the difficulty in obtaining appropriate data to produce a credible estimate, and the likelihood that the impact would be immaterial in all but very exceptional circumstances.</p>

Other areas of audit focus

Other area of audit focus	OUR RESPONSE	AUDIT CONCLUSION
<p>Capital expenditure</p> <p>The Council has a six year £723 million capital plan, which includes the Cross Tay Link Road, Perth High School, and Perth City Hall upgrade projects.</p> <p>Due to the significance of this capital investment programme and complexity of some of the projects, we consider there to be a risk of misstatement. This is in respect of ensuring that the classification of costs between operating and capital expenditure is appropriate and in respect of capturing all relevant costs and contributions.</p> <p>We also consider that any large capital project inherently brings a fraud risk to an entity, which we consider appropriate for the Council. We note that this was not a fraud risk relating to the financial statements.</p>	<p>Our audit approach included:</p> <p>Control design:</p> <ul style="list-style-type: none"> – Tested the design and implementation of the control ensuring all movements of £50k or above between actual spend and budgeted spend are appropriately explained and reported. <p>Control re-performance:</p> <ul style="list-style-type: none"> – Comparing the total capital expenditure reported in the financial statements with that reported in reports to those charged with governance. <p>Tests of detail:</p> <ul style="list-style-type: none"> – Use of substantive sampling methods to evaluate the appropriateness of capital or income accounting classification by reference to supporting documentation. – Assessed a sample of items allocated to revenue expenditure to determine whether they are correctly classified. – Reviewed and corroborated manual journals to vouch expenditure is correctly allocated. 	<p><i>We have concluded that the treatment of capital expenditure is satisfactory.</i></p> <p>No exceptions were identified in the tests of detail, with supporting documentation available for each item sampled.</p> <p>We tested capital commitments as disclosed in the accounts and identified one project amounting to £24.9 million which had no contractual or legal commitment as at year end due to delays in commencing the project. This project was removed from the capital commitment note and the note was corrected in the accounts.</p> <p>Refer appendix three and action plan four.</p>

Going concern

Going concern

Going concern means the ability of the Council to remain solvent for the twelve month period from the accounts being signed.

The Council had net assets of £741.8 million (2020-21 £651.1 million) as at the balance sheet date. Net assets increased in 2021-22 by £90.7 million, reflecting the total comprehensive income for the year and accounting adjustments required by the CIPFA Code (see page 20 for further detail).

Management considers it appropriate to continue to adopt the going concern assumption for the preparation of the annual accounts. The applicable accounting framework as prescribed by law is the Code of Practice on Local Authority Accounting in the United Kingdom. This framework mandates the preparation of the annual accounts on a going concern basis.

The Council is in a net asset position, and it considers that the confirmed Scottish Government funding (which includes non-domestic rates income) of £308.3 million is sufficient to meet debts as they fall due. The Council also has reasonable certainty over income sources, such as Council Tax income. Financial assets comprising short term investments, and cash and cash equivalents were £247.7 million (2020-21: £188.8 million) as at 31 March 2022. This is offset by an increase of £82.0 million in long-term borrowings.

The Council has produced and approved its six year medium term financial plan (MTFP) for 2022 – 2028 in November 2021 which supports the ability of the Council to continue as a going concern. The MTFP is expected to be revised at the Council meeting in September 2022.

In recent financial years, there has been a managed reduction in the overall cost base and further efficiency savings are incorporated into budgets. The Council has considered savings proposals of £5.825 million relating to 2021/22 of which £3.891 million were accepted.

A financial strategy was presented to elected members in June 2022 which provided high level commentary on the scale of the financial challenge facing the Council over the short to medium term. The measures set out within the financial strategy seek to balance the level of income and reserves which the Council has available and to avoid having to make anticipated level of expenditure cuts in one year.

Conclusion

The Council has a strong net assets position supported by £16.6 million uncommitted reserves as at 31 March 2022.

The Council has prepared short, medium, and long term financial forecasts which are inherently dependant on a number of assumptions outwith the Council's control. We note that management has identified potential savings and has demonstrated strong leadership in taking action on overspends to ensure tight budgetary control.

Income streams are reasonably certain, with additional funding from the Scottish Government where necessary (see considerations specific to Covid-19 on next page).

We are content that the going concern assumption is appropriate for the Council in light of the above points.

Going concern (continued)

Response to Covid-19

The financial implications of the Covid-19 pandemic continued to be a recurring issue throughout the year resulting in the creation of the COVID-19 earmarked reserve following approval from the Council in January 2021. The current uncommitted balance of the Covid reserve is £6.73 million as at end of August 2022. This reserve is earmarked to mitigate the future financial impact of Covid-19. Officers continued to provide further updates on Covid-19 pressures throughout the year.

An area of complexity included the accounting for the numerous Covid-19 related grants funded by the Scottish Government through an agency arrangement. During the 31 March 2022 reporting period, the Council has passed on £29.9 million in Covid-related grants, with the most material being £18.7 million in Strategic Framework Business Support Fund. In addition, the Scottish Government have supplied the Council with £13.124 million for non-recurring Covid funding in 2021-22. We have tested the allocations of material grants and are satisfied that these are appropriately disclosed per LASAAC's Guidance on Accounting for Coronavirus Grants.

Due to the continuing level of uncertainty, the financial impact of the pandemic will continue to require strong financial management in the coming months. Officers continue to report key assumptions and events that may impact Council operations and finances to elected members. This is in addition to the Council's medium term financial plan and budget which continue to factor in Covid-19 related decisions.

This presents an additional challenge to the delivery of a balanced budget and will increase the need to identify and deliver savings. Despite this, we do not believe the impact of Covid-19 brings into question the use of the going concern assumption based on the factors above, and the ongoing funding from the Scottish Government.

Financial statements and accounting

Conclusion

The Council has built Covid-19 into the budgeting process, ensuring future costs and other impacts relating to the pandemic are considered.

Due to the level of uncertainty and lack of control of assumptions made, budgets are subject to change and the Council has shown flexibility in their approach.

The Scottish Government has shown and continues to show commitment to assisting local authorities, and this, coupled with the budgeting mentioned above, with other reasonably certain income streams, provides us with sufficient comfort that Covid-19 does not alter our conclusion that the Going Concern assumption remains appropriate.

Management reporting in financial statements

REPORT	SUMMARY OBSERVATIONS	AUDIT CONCLUSION
Management commentary	<p>The Local Authority Accounts (Scotland) Regulations 2014 require the inclusion of a management commentary within the annual accounts, similar to the Companies Act requirements for listed entity financial statements. The requirements are outlined in the Local Government finance circular 5/2015.</p> <p>We are required to read the management commentary and express an opinion as to whether it is consistent with the information provided in the annual accounts. We also review the contents of the management commentary against the guidance contained in the local government finance circular 5/2015.</p>	<p>We are satisfied that the information contained within the management commentary is consistent with the annual accounts.</p> <p>We reviewed the contents of the management commentary against the guidance contained in the local government finance circular 5/2015 and, following some suggested minor enhancements are content with the proposed report.</p>
Remuneration report	<p>The remuneration report was included within the unaudited annual accounts and supporting reports and working papers were provided.</p>	<p>We are satisfied that the information contained within the remuneration report is consistent with the underlying records and the annual accounts and all required disclosures have been made.</p> <p>Our independent auditor's report confirms that the part of the remuneration report subject to audit has been properly prepared in accordance with the relevant regulations.</p>
Annual governance statement	<p>The statement for 2021-22 outlines the corporate governance and risk management arrangements in operation in the financial year. It provides detail on the Council's governance framework, review of effectiveness, continuous improvement agenda and group entities and analyses the efficiency and effectiveness of these elements of the framework.</p>	<p>We consider the governance framework and annual governance statement to be appropriate for the Council.</p> <p>The arrangements and disclosures surrounding Covid-19 were sufficient. We are content that the annual governance statement complies with guidance and reflects our understanding of the Council.</p>

Group financial statements

Our audit appointment of the Council extends to the audit of the Perth and Kinross Council Charitable Trusts and Perth and Kinross Integration Joint Board. Appendix six sets out the group structure. The table below sets out the key audit findings from these entities and also significant matters discussed with the component auditor. There are no findings to report in relation to other group entities.

ENTITY	WORK PERFORMED	AUDIT CONCLUSION
Charitable Trusts	<p>We assessed materiality based on our knowledge and understanding of the charities' risk profile and annual accounts balances. Materiality was determined at 3% of total assets.</p> <p>We planned our materiality for the charitable trusts based on the estimated 2021-22 net asset closing balance resulting in a materiality of £70,700 and a reporting threshold of £3,500.</p> <p>As required by audit standards, we considered our independence as part of our Council engagement, and confirm our independence of the Charitable Trusts for the year ended 31 March 2022. Our independence confirmation at appendix two applies to the Charitable Funds in addition to the Council. The engagement lead in 2021-22 continued to be Michael Wilkie.</p>	We have issued an unqualified audit opinion on the charitable trusts.
Common Good	Perth and Kinross Council Common Good does not prepare separate financial statements, and is incorporated as disclosure notes within the Council's financial statements. Common Good holds investment properties as well as other assets.	The Common Good amounts are included within the Group financial statements, for which we issued an unqualified opinion.
Integration Joint Board ('IJB')	A separate annual audit report is planned to be presented to the Audit and Performance Committee of the Perth and Kinross Integration Joint Board on 26 September 2022. No significant exceptions were identified during the audit.	We have issued an unqualified audit opinion for the IJB.

New accounting standards

Future accounting and audit developments

IFRS 16

In April 2022, CIPFA/LASAAC agreed to delay the implementation of IFRS 16 *Leases* until the 2024-25 financial year as a result of delays in the publication of audited local authority statement in England. The standard removes the previous classifications of operating and finance leases for lessees (with exemptions for short-term and low value leases) and requires a right-of-use asset to be recognised, with a corresponding lease liability.

The Council is currently assessing the impact of the new standard and plans to adopt the standard for the 2024-25 financial year.

Infrastructure Assets

Infrastructure assets are one of the few categories of property, plant and equipment assets measured at historical cost rather than at an asset measurement described as 'current value' by the CIPFA/LASAAC Code of Practice for Local Authority Accounting (the Code). On the move to capital accounting in 1994 it was decided that there was limited use for measuring the 'worth' of infrastructure assets in the same way as other assets in the balance sheet. At that time, infrastructure assets were brought on to the balance sheet at undischarged capital amounts (this was net of revenue contributions and capital receipts applied and grants and contributions received before 1 April 1994/1996), and this was described as (depreciated) historical cost.

During August 2022, concerns were raised by local government auditors in England that some authorities are not applying component accounting requirements appropriately when there is replacement expenditure. The issue raised by auditors relates to subsequent expenditure on infrastructure assets and specifically on whether local authorities should be assessing if there is any undepreciated cost remaining in the balance sheet for the replaced components that needs to be derecognised when the subsequent expenditure is incurred. This has led to issues relating to the reporting of gross historical cost and accumulated depreciation as elements of depreciated historical cost.

Due to the restricted timeline, an approach to deal with this issue could not be agreed and the Scottish Government agreed to provide a temporary statutory override to the Code in order to address these issues.

A local authority may choose to only apply one of the two statutory overrides or to apply both statutory overrides.

Infrastructure Assets (continued)

Statutory Override 1: This statutory override permits that, for accounting periods commencing from 1 April 2021 until 31 March 2024, a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: This statutory override requires that, for the periods from 1 April 2010 to 31 March 2024, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is a nil amount, and no subsequent adjustment shall be made to the carrying amount of the asset with respect to that part. This is required on the basis that parts of infrastructure assets are rarely replaced before the part has been fully consumed and should therefore, in most cases, be fully depreciated at the date of replacement.

The statutory overrides permitted within this guidance are time limited for the periods from 1 April 2010 to 31 March 2024.

The Council has elected to utilise both overrides. The Council, like others, needs to consider the approach to future recording and componentisation of Infrastructure assets in order to comply with the underlying requirements of the Code.

Recommendation two

Qualitative aspects

ISA 260 requires us to report to those charged with governance our views about significant qualitative aspects of the Council's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

We consider the accounting policies adopted by the Council to be appropriate. There are no significant accounting practices which depart from what is acceptable under IFRS or the CIPFA Code.

Significant accounting estimates relate to the present value of defined benefit obligations and valuation of non-current assets. For defined benefit obligations, the estimate is calculated under IAS 19 (as calculated by the Council's actuary, Barnett Waddingham using agreed financial assumptions). With the assistance of our internal actuarial specialists we found the assumptions and accounting for pensions to be appropriate (page 51). Non-current asset impairment is considered by the Council's valuation team and a 5-year rolling programme of revaluations is in place. We used our internal valuation specialists to assess the assumptions used in these revaluations. We did not identify indications of management bias.

Financial statement disclosures were considered against requirements of the CIPFA Code, relevant legislation and IFRS. No departures from these requirements were identified.

Wider scope introduction

Audit dimensions introduction

The Code sets out four audit dimensions which, alongside Best Value, set a common framework for all the audit work conducted for the Controller of Audit and for the Accounts Commission. The dimensions are: financial management; financial sustainability; governance and transparency; and value for money.

It remains the responsibility of the audited body to ensure that it makes proper arrangements across each of these audit dimensions. These arrangements should be appropriate to the nature of the audited body and the services and functions that it has been created to deliver. We review and come to a conclusion on these arrangements.

During our work on the audit dimensions we considered work carried out by internal audit and other scrutiny bodies to ensure our work meets the proportionate and integrated principles contained within the Code.

All appointed auditors are also required to consider areas of focus identified by Audit Scotland, we include our view on each area as within the relevant wider scope section.

Best Value

The Accounts Commission agreed the overall framework for a new approach to auditing best value in June 2016. Best Value is assessed over the five year audit appointment, as part of the annual audit work. There are seven areas considered over the five years. In addition, a best value assurance report ("BVAR") for each council will be considered by the Accounts Commission at least once in the five year period.

In 2018-19, a BVAR was prepared for the Council, and was presented to the Accounts Commission in August 2019. A copy of this report can be found on Audit Scotland's website.

Strategic Audit Priorities

The Accounts Commission agreed five strategic audit priorities as part of the Code:

- the clarity of council priorities and quality of long-term planning to achieve these;
- how effectively councils are evaluating and implementing options for significant changes in delivering services;
- how effectively councils are ensuring that members and officers have the right knowledge, skills and time to lead and manage delivery of council priorities;
- how effectively councils are involving citizens in decisions about services; and
- the quality of council public performance reporting to help citizens gauge improvements.

We consider the strategic audit priorities when performing the wider scope work over the five year appointment.

Our approach

In our sixth year of audit work, we have provided updates to the following areas which were covered in the 2020-21 report:

- Transformation programme (page 28);
- Medium and long term planning (page 27);
- EU withdrawal (page 29); and
- Equalities (page 31)

Conclusion

Revisions to the constitution of the Council following local government elections will impact upon the overall approach. We concluded that the Council has reasonable procedures and practices in place to support a positive conclusion. We consider that overall, the Council is working towards achieving areas of best value where they are recognised, and there is a positive attitude towards maintaining this pace.

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

2021-22 financial performance

The Comprehensive Income and Expenditure Statement shows a deficit on the provision of services of £16.6 million for the year to 31 March 2022, of which £5.1 million deficit relates to the Housing Revenue Account and £11.5 million deficit on the General Fund. The Council set a net revenue expenditure budget of £389.7 million on the general fund and a gross revenue budget of £30.9 million on the HRA for 2021-22. In 2021/22 the Council incurred actual net expenditure on Services of £418.532 million. In comparison to the updated budget, the net under spend/additional income was £20.4 million for the 2021/22 year.

General Fund

A balanced budget was approved in March 2021. The £20.4 million General Fund variance to budget represents a net result of over and underspends and additional income. The largest underspends and elements of additional income were:

- Education and Children’s Services (£9.9 million), reflecting additional funding of £3.5 million for education recovery. Included in this outturn is a total of £3.1 million staff costs underspends due to ongoing recruitment challenges and the fact that the 2021-22 pay award was less than the budgeted amount.
- Communities Services contributed additional income of £5.7 million over budget, comprising £2.1 million underspend within planning and development, and underspends for roads and housing attributable to staff slippage and additional income.

We continue to highlight the good practice of budget flexibility, which encourages the Council to plan longer term.

Financial headlines

<div>Deficit on provision of services</div> <div>£16.6 million</div> <div>2020-21: £4.8 million surplus</div>	<div>Deficit on general fund</div> <div>£11.5 million</div> <div>2020-21: £22.0 million surplus</div>
<div>Total reserves</div> <div>£741.8 million</div> <div>2020-21: £651.1 million</div>	<div>General fund reserve</div> <div>£85.9 million</div> <div>2020-21: £72.5 million</div>
<div>Net pension liability</div> <div>£56.0 million</div> <div>2020-21 £105.3 million</div>	<div>Capital financing requirement</div> <div>£618.4 million</div> <div>2020-21 £596.9 million</div>

(Source: Audited annual accounts)

Financial management (continued)

2021-22 financial performance (continued)

Housing Revenue Account ("HRA")

The Council is required by legislation to maintain a separate HRA and to ensure that rents are set to cover the costs of its social housing provision. Rent levels are set in order to achieve a breakeven position based on forecast expenditure. The HRA capital budget was approved in February 2021 by the Housing & Social Wellbeing Committee, and set a budget of £9.9 million. The final outturn was £15.4 million.

Financial reporting and budgetary control

Regular financial reporting was provided to the Strategic Policy and Resources Committee ("SP&R") up until May 2022 when the reporting was switched to the Finance and Resources Committee following changes to the Council's committee structure. The reporting comprises details of budget, a revised budget, and detailed explanations of movements against budget.

A final outturn is included as part of the Management Commentary in the audited annual accounts. We have focused upon utilisation of reserves, as this is the key driver for performance against budget. The General Fund reserve allows the Council to smooth out financial pressures over a number of years.

The forecast outturn for the general fund budget as reported quarterly is presented below, with the full year forecast as reported at each quarter presented to show the changes in expectations over the year.

Forecast outturn (£000)	Jun-21	Sep-21	Nov-21	Feb-22	Final
Budgeted use of reserves	8,815	17,224	17,302	12,829	6,749
Variance of financed from/ (returned to) reserves against budget	N/A	(981)	(1,899)	(5,127)	(20,442)

The main reasons for the underspend were:

- £9.9 million underspend on Education & Children's Services including £1 million ring-fenced funding for Pupil Equity Funding and £3.5 million Covid-19 grant funding.
- £5.7 million underspend on Communities including additional income of £1.1 million and grant funding of £2.3 million.
- £3 million underspend in Corporate and Democratic Services including grant funding of £2 million and £0.8 million additional income generated.

Wider scope and Best Value

The SP&R were advised of a £5.3 million variance (underspend) across the Council in April 2022 based on financial data at 31 January 2022. This was made up of projected underspend in Education & Children's Services (£1.6 million), Communities (£2.3 million), Corporate & Democratic Services (£1.1million) and other corporate budgets (£0.3 million).

The final under spend for the Council was £20.4 million – a movement of £15.1 million on the position reported to SP&R in April. The main reasons for this additional under spend were:

- £9.9 million underspend and additional income/funding on Education & Children's services
- £5.7 million underspend and additional income/funding on Communities
- £3 million underspend and additional income/funding on Corporate & Democratic services
- £1.8 million from additional grants and contributions from other reserves

Underspends across various services were due to underspend on staff, rephasing of expenditure and additional income.

We conclude that management reported regularly, and in sufficient detail to members in order that timely decisions could be made by the Council.

Capital budget

The Composite Capital Budget approved in March 2021 for the period 2021-22 set net expenditure of £101.7 million, against a final net actual spend of £56.9 million reported at year end. The significant slippage is primarily due to the deferment of projects to future years.

Significant expenditure was undertaken in respect of the School Modernisation programme of £13.7 million, Roads and Transport projects of £29.8 million including Perth Transport Futures programme, as well as investments of £10.5 million on cultural attractions and community projects within the Perth and Kinross Region.

Financial management (continued)

Accounts and audit process

Draft annual accounts were authorised for issue on 28 June 2022 through consideration by the audit and risk committee in line with legislation. We received a copy of the signed draft annual accounts on 28 June 2022. We note the return to audit and risk committee consideration prior to our receipt of the draft annual accounts after discussion with elected members.

Owing to Covid-19, the way that Council has operated since 23 March 2020 has changed significantly. We recognise the challenges of producing a complete set of financial statements with a number of staff continuing to work at least partially remotely, and its associated audit. We continue to highlight the achievement of the finance team to complete the audit in line with a regular reporting timetable.

High quality working papers were provided at the start of the audit fieldwork and management responded effectively to our queries. Also, the financial statements were well prepared and had minimal comments. No significant issues arose during the audit and only one audit disclosure misstatement was identified which has been corrected.

We commend the level of diligence with which officers prepare the annual accounts and associated supporting documentation. The level of attention to detail is particularly high and supports an effective audit process.

Internal audit review of controls

As part of its annual plan and reporting, internal audit made 11 control objective recommendations, up from 9 in 2020-21. Of these recommendations, 10 were rated as medium. As noted on page 32, this is despite more focused work by the internal audit function and demonstrates the role that internal audit play in supporting service improvement.

Internal control

We consider that the Council has a robust control environment. We tested the operating effective controls within certain financial processes, where reliance upon them enabled an efficient testing approach. Two exceptions were noted with respect to the bank reconciliations control and management review of actuarial assumptions. Further details are documented in page 40. The controls tested were:

- Review of valuations (relates to a significant risk).
- Review of non-revalued properties (relates to a significant risk)
- Transfer of pensionable data and management review of assumptions and assets (relates to a significant risk).

- Capital and revenue budget monitoring (relates to a significant risk)
- Bank reconciliations.
- Procurement: contract awards.
- BACS authorisations.
- HRA income reconciliation.
- Council tax and non-domestic rates assessor report reconciliation, and council tax and non-domestic rates reliefs.

Our testing and findings over controls operating after our interim fieldwork are summarised on the next page. We have made four new recommendations in the current year, with six recurring from the prior year. Our action plan detail is shown on page 40 onwards.

In 2020-21 we made a total of seven recommendations and a summary of their status is presented below. We report that one recommendation has been appropriately and satisfactorily addressed by officers while the others were yet to be appropriately addressed as at year end or the implementation thereof was not considered feasible, considering the risk and other mitigating controls in place. Further details can be found in pages 43-45.

2021-22 recommendations	Grade one	Grade two	Grade three
Reported	1	3	5

Status of 2020-21 recommendations	Grade one	Grade two	Grade three
Implemented			1
Not Implemented		2	4

Our view – financial management

We consider that the approach to financial management, including budget setting and monitoring is appropriate with clear supporting governance arrangements. The Council demonstrates good practice, in a local authority context, through regular financial reporting

Financial management (continued)

System Controls

In accordance with ISA 330 *The auditor's response to assessed risks*, we designed and performed tests of controls to obtain sufficient appropriate audit evidence as to the operating effectiveness of relevant controls over the main financial systems. Overall, we concluded that the control environment is effective.

Test	Description	Results
Bank reconciliations (response to fraud risk)	<p>Bank reconciliations are prepared monthly by a member of the income team and reviewed by a more senior officer.</p> <p>We tested a sample of three months for each of the eight bank accounts to verify they had been completed and reviewed on a timely basis.</p>	<p>We noted instances where a few bank reconciliations were completed within a month but not reviewed within a month. For example, the April 2021 bank reconciliation for the Social Work Pensions bank account was not reviewed until 16 September 2021.</p> <p>Bank reconciliations are a key anti-fraud control and should be fully reconciled and reviewed on a regular basis. Therefore, it is recommended that management ensures the timely reconciliation and review of all bank accounts.</p> <p><i>Refer action plan four</i></p>
Authorisation over procurement contracts	<p>The Council has defined processes for the awarding of contracts, with written procedures to be followed for each contract type and value.</p> <p>Testing of a sample of 9 contracts awarded in the year, split between those which required completion of a quotation and those which required to be tendered was undertaken. Our approach was designed to test whether correct procurement route had been followed based on value and reviewed the evidence of the tender evaluation process.</p>	<p>Our testing concluded that arrangements over the procurement and tendering process are designed and implemented effectively.</p> <p><i>Satisfactory</i></p>
Revenue budget monitoring (response to fraud risk)	<p>The Council has a robust revenue budget setting process, with involvement of key members of staff across the Council. Performance against revenue budget is monitored on a regular basis and formally reported to Council via budget monitoring reports in September, November, January and April.</p>	<p>Our testing concluded that budget monitoring arrangements over the revenue budget are designed and implemented effectively.</p> <p><i>Satisfactory</i></p>
Council Tax and Non-Domestic Rates	<p>For Non-Domestic Rates reliefs and exemptions, we selected 25 applications from account holders to test whether applications had been reviewed by an appropriate officer within the Local Taxes team and appropriate evidence of entitlement obtained.</p> <p>For each of Non-Domestic Rates and Council Tax, we tested a sample of five reconciliations of the Council's valuation roll against the valuation roll provided by the Tayside Valuation Joint Board and other valuation lists respectively.</p>	<p>Our testing concluded that the Non-Domestic Rates reliefs and exemptions, and Council Tax and Non-Domestic Rates reconciliations are designed and implemented effectively.</p> <p><i>Satisfactory</i></p>

Financial management (continued)

System Controls (continued)

Test	Description	Results
Review of valuations (response to significant risk)	<p>We will review management's assessment of impairment indicators and assess for completeness.</p> <p>We walked through with the valuations team to consider whether the review process was robust.</p>	<p>For the review of valuations, we are satisfied with the design and implementation of the control in place.</p> <p><i>Satisfactory</i></p>
Capital budget monitoring	<p>Management and elected members monitor capital expenditure on all projects throughout the year. Performance of all large projects and any smaller projects nearing their approved spend will be considered by the Strategic Investments Board ("SIB") and then by the Finance and Resources committee ("SP&R") via the budget monitoring reports in September, November, January and April. Approval is required for any overspends or adjustments against original budgets.</p> <p>We considered the January 2022 report to conclude whether a sufficient level of detail was presented to and considered by the committees and that a level of precision is used to determine which variances require further analysis and discussion.</p>	<p>Our testing concluded that budget monitoring arrangements over capital expenditure are designed and implemented effectively.</p> <p><i>Satisfactory</i></p>
Review of cost of services expenditure	<p>The Council has a well-defined process covering the payment of services provided. We considered and tested management's review and authorisation of payments to an individual supplier that exceed £75,000 as required by Council policy. A sample of 40 payments were tested.</p>	<p>Our testing of the 40 payments indicated that there is adequate segregation of duties between those entering data, and those authorising the payment.</p> <p><i>Satisfactory</i></p>
Housing rents system	<p>We tested a sample of two months' reconciliations between the housing rents system (Northgate) and the general ledger (Integra) to determine whether officers completed this reconciliation on a timely basis and any reconciling items were followed up and investigated.</p>	<p>Both reconciliations have been performed on a timely basis and any reconciling items were followed up and investigated.</p> <p><i>Satisfactory</i></p>

Financial management (continued)

System Controls (continued)

Test	Description	Results
Transfer of pensionable data, and management review of assumptions (response to significant risk)	<p>We furthered our understanding of the process management undertake to transfer data to Tayside Pension Fund ("the fund"), and its assessment of the actuarial assumptions.</p> <p>We tested the annual management review of pension assumptions.</p> <p>These controls were tested in response to the significant risk over retirement benefit obligations.</p>	<p>We discussed and walked through the process undertaken by Management during the January 2022 payroll and pension processes. We were satisfied that the following controls are designed and implemented appropriately:</p> <ul style="list-style-type: none"> – transfer of new starts, leavers, and other changes to employee data to the fund; and – authorisation of the payment of pension contributions to the fund. <p>Satisfactory</p> <p>Following our recommendation in the 2019-20 audit in respect of assumption review, management introduced a high level review of the assumptions recommended by the fund's actuary, and adopted in respect of the Council's participation in the fund. This review is intended to identify any significant differences between the assumptions adopted which are specific to the Council against the publicly available market data, in order to allow appropriate challenge by management should the need arise. In order to gain expert advice management engage an actuary through the pension fund to provide these assumptions which management may or may not chose to adopt.</p> <p>While the control environment has been strengthened as a result of the introduction of this control, we consider that in order for us to rely on it, it would need to be informed by an additional independent experienced actuary.</p> <p>Refer action plan five</p> <p>Our planned approach is unchanged in respect of the above.</p>

Financial management (continued)

System Controls (continued)

Test	Description	Results
BACS authorisation	<p>BACS payment runs must be approved by an authorised member of the finance team.</p> <p>We tested a sample of 25 BACS payments to verify they had been authorised.</p> <p>Management enhanced controls in 2019-20 in respect of BACS payments following fraud identified at another local authority. Any amendments to the BACS payment file automatically generate an email to a number of senior members of Finance to allow for scrutiny and challenge. A central record is kept of any changes, and finance officers do not consider that this control can be reasonably strengthened any further.</p> <p>While the control environment has been strengthened, we consider that a weakness remains in respect of the ability of a small number of senior staff to modify the BACS payment file and override the detection control which has been implemented.</p>	<p>All sample items were correctly signed and authorised by the appropriate officer.</p> <p>Satisfactory</p> <p>In our previous audit, we made a recommendation over this control, and management indicated that there was acceptance over any residual risk as a very small number of individuals could override the controls in place. We continue to recommend that the detective control is redesigned to mitigate the risk that it is subject to management override by the privileged system users it is designed to monitor.</p> <p>Refer prior year recommendation five.</p>
Authorisation of payroll, and service establishment approval	<p>A sample of two months control sheets were tested, which record that the stages of the payroll process have been completed, before authorising the payroll and completing the BACS runs. This includes a key control over any exceptions or variances in net pay.</p> <p>A sample of two months' BACS runs were reviewed to test the payment schedule reconciled to appropriate reports and appropriately authorised.</p> <p>The annual service establishment report was reviewed to determine whether it had been reviewed by each service to confirm all employees are still actively employed by the Council.</p>	<p>Those controls sheets tested recorded key stages of the pay run and had been marked as completed, with the pay run being marked as ready for processing. The sample of exception reports tested were marked as reviewed and investigated.</p> <p>Both BACS runs subject to testing had been reconciled and authorised by an authorised signatory in advance of the pay run.</p> <p>Our testing indicated that all four services had completed and signed the service establishment report. However, there were instances of delays in the completion of the process. For example Education and Children's Services reconciliation covering the period to 31 October 2021 was signed as completed in March 2022.</p> <p>However, since no issues were identified from the reconciliation and there are other mitigating controls in place, we are satisfied with the control objectives.</p> <p>Satisfactory</p>

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

The best value assurance report considered that the Council has robust financial planning and management arrangements, including effective monitoring and reporting and medium-term financial planning. The financial outlook is challenging, but the Council is well placed to address projected funding gaps through its transformation programme and savings identified as part of the medium-term financial plan.

Annual budget presentation

The annual budget for 2021-22 was approved by Council on 10 March 2021. The budget report set out the general fund revenue budget for 2021-22 but no provisional budget was set for 2022-23 and 2023-24 as the Council elected to divert its resources towards maintaining essential services and responding to COVID-19. The capital budget was set for the period 2021-22 to 2028-29.

Management have continued to consider the impact of the pandemic on their financial forecasting, and made several changes in order to meet resourcing needs whilst maintaining financial control of Council activities.

During the year, the Council returned to its pre-pandemic level of reporting and all committees were active during the period.

The Council is required to set a balanced budget in each financial year, and in 2021-22 proposed budget flexibility of £0.1 million, and utilisation of reserves (COVID-19 earmarked reserve) totalling £9.6 million.

We consider the development of a six year plan to be an appropriate response to longer term financial planning. However, in light of the recent global pandemic as well as wider economic uncertainty, the need to develop further long-term financial planning beyond six years is further highlighted.

Other focus area: Long-term financial plan

In November 2021, the Council considered a revised six-year plan for 2022-2028. The Council have built on existing strong financial management, and have developed financial models to demonstrate long term planning. (updated medium term financial

The key long-term financial assumptions included consideration of pay increases of 3% reflecting the provisional revenue budget, superannuation contribution increases between 0% and 2% over the next three years, a reflection of the unknown ongoing financial support from government in respect of Covid-19, and Council Tax Charge increases.

Inherent with every forecast is a range of outcomes, which for the Council are an optimistic £8.8 million surplus for the following six years from 2022-23, to a pessimistic £140.5 million pressures. The Council, through its 2022/23 budget are continuing to consider actions and savings to meet this difference. The net savings proposals for 2022-23 were £6.459 million of which £2.267 million were rejected alongside expenditure pressures of £11.079 million.

In addition to revenue long-term forecasting, the Council developed a thirty-year capital Investment Blueprint for the Future ("the Blueprint") plan which was presented on 6 October 2021. As part of the key developments and controls within the Blueprint, the Council adopted a gateway review approach to the development and delivery of capital investment. This will allow the opportunity for Council officers to periodically assess the project's ongoing financial health and progress, as well as allowing electing members to scrutinise capital programme progress.

The Blueprint also responds to the recommendations of the Infrastructure Commission's Key Findings report of January 2020.

Financial sustainability (continued)

Other focus area: Transformation programme

The Council has a five year Transformation & Change strategy document which sits within the Council's wider strategic framework. The revised Corporate Plan 2022/23 – 2027/28 sets out the vision and corporate objectives of the Council, aligned with its values. The Financial strategy details the challenges faced by the Council and the various actions to be taken for the financial sustainability of the Council.

The purpose of the financial strategy is to build financial resilience and ensure the Council has affordable and sustainable medium term financial plans and revenue budgets so that resources are appropriately directed and utilised aligned with the Council's strategic objectives.

Meaningful engagement and communication will be key to the successful implementation of the strategy. Engagement with the local community has been identified as a key focus to address service delivery and meet the needs of the local community.

Communication and effective dialogue with staff, communities, public, private and sector partners has been identified as key to help strengthen the Council's understanding of delivery needs and how to be allocate resources.

Use of reserves

The Council continued to invest its reserves in the future of the organisation during 2021-22, including £18.3 million held for supporting recovery from the pandemic. The Council increased the total of the General Fund reserve by £13.4 million in delivering the 2021-22 financial outturn, a position largely supported by the additional Covid-19 funding.

As at 31 March 2022, the Council had uncommitted general fund reserves of £16.6 million which equates to 4.0% of actual Net Cost of Services (2% as at 31 March 2021). This increase was planned and approved by the Council as part of finance updates to the Council. These reserves are to support the delivery of services in the case of unexpected issues, and a reserves strategy is in place which targets a minimum uncommitted general fund reserve of at least 2% which continues to be maintained.

We consider that this level of reserves is reasonable for a Council of the size of Perth and Kinross Council. The total held is in line with the Reserves Strategy approved in February 2022, which targets an uncommitted reserves balance between 2% and 4%. However the risk for the Council is the non-delivery of savings which would impact on these reserves.

General Fund Reserves	31 March 21 £000	Increase /(utilisation) £000	31 March 22 £000
Workforce Management (inc transformation programme)	4,275	(161)	4,114
Covid-19 Reserve	25,727	(7,384)	18,343
Other Earmarked Reserves	34,281	12,584	46,865
Uncommitted General Fund Reserve	8,200	8,378	16,578
Total General Fund Reserves	72,483	13,417	85,900

Financial sustainability (continued)

Cash and Short Term Investments

Liquidity	31 March 2021 £000	31 March 2022 £000	Movement £000
Cash and cash equivalents	27,221	38,437	11,216
Short term investments	161,577	209,301	47,724
Short term borrowing	-67,746	-14,754	52,992
Current liquidity	121,052	232,984	111,932

As at 31 March 2022, cash and short term investments increased by £58.9 million as a result of significant increases in borrowing that were unutilised at 31 March 2022. The rate of return from these investments is more favourable than the rate of return from the Council's banking facilities.

Many of these investments are held with financial institutions across the UK and world-wide, and the Council has assessed the credit risk associated with these entities as low.

Borrowing

Total borrowing as at 31 March 2022 was £29.0 million greater than as at 31 March 2021, with overall borrowing being £619.3 million. The increase in borrowing is primarily funding investment in capital. The Council continued to take advantage of exceptional low rates to secure funding for the Capital Plan.

Governance and transparency

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making, and transparent reporting of financial performance.

Governance

The BVAR highlighted several findings regarding the governance arrangements within the Council.

In May 2022, the Council changed the names of seven committees such as: Housing and Communities Committee was changed to Housing and Social Wellbeing Committee while Strategic Policy and Resources Committee was changed to Finance and Resources Committee. The change was to ensure that the committee names were aligned with the functions they performed. A new committee, Climate Change and Sustainability Committee was also created. Following these changes, the Council currently operates with a total of 22 sub-committees, ten of which administer common good funds. In addition to the scrutiny and performance committee, the key committees include the learning and families committee, the environment, infrastructure and economic development committee, the housing and social wellbeing committee and the audit and risk committee.

The Scheme of Administration and Standing Orders were both updated during 2021 to reflect the modern ways of working in line with the Council's ongoing review of governance arrangements.

Governance arrangements during Covid-19

In order to maintain an element of status quo, weekly sounding boards were introduced in prior years at a wide variety of levels across the Council which allowed member input into decisions. These sounding boards included finance updates in order to maintain sufficient financial governance by the members. We consider this level of reporting and engagement with elected members to be sufficient and appropriate.

Also, a hybrid meeting structure was adopted by the Council following the lifting of Covid-19 restrictions.

2022 elections

Scottish Local Government elections were held in May 2022 which led to the return of 40 councillors to represent the 12 multi-member wards within the Council. The notification of members elected as councillors was presented to the Council by the returning officer during the May 2022 council meeting.

At the meeting, the Council also approved the continued use of the existing political decision-making arrangement subject to certain changes to the names of certain committees and the number of committee members admissible.

Prudential Code

The key objectives of the Prudential Code are to ensure that the Council's capital programme is affordable, prudent and sustainable, and that treasury management decisions are taken in line with good professional practice. The Council has to set its prudential indicators on an annual basis to provide a framework that its capital programme must operate within. At 31 March 2022, the Council reported it remained compliant with its prudential indicators.

Governance and transparency (continued)

Annual Governance Statement

The Annual Governance Statement within the Council's annual accounts sets out the Council's conclusion on the effectiveness of governance and the basis for that conclusion. It describes the sources of assurance to support the Council's compliance with the seven principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*, and the requirements of Finance Circular 10/2020. The Annual Governance Statement includes areas where there is future development in governance and where governance issues have been identified. It concludes that the Council's governance arrangements operate effectively.

We consider that the Annual Governance Statement shows an appropriate and accurate reflection of the governance arrangements at the Council.

Risk management

In line with the revised Risk Management Strategy, a draft Strategic Risk Register was presented to the audit and risk committee on 28 June 2022.

The risk register summarises at a higher level than in previous iterations, presenting the overarching risks faced by the Council as a whole, and management's assessment of the likelihood and potential impact should the risk materialise.

The current key strategic risks are reported as:

- Protection of Vulnerable Children & Adults
- Climate Change
- Economic Wellbeing
- Poverty & Equalities
- Public Service Design & Delivery
- Information Security
- Security & Emergency Planning/Civil Contingencies
- Financial Resilience
- Workforce
- Asset Management
- Health & Safety

The risk register then clearly assigns all risks a priority rating from one through five, and summarises impact, key controls and key management actions. In our view, this allows those charged with governance a concise overview of risks and mitigations and allows for greater challenge.

National Fraud Initiative ("NFI")

The NFI in Scotland brings together data from local government, health boards and other public sector bodies. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud.

A total of 85 reports containing 12,471 matches were received by the Council for the 2020/2021 exercise. Using a risk based approach, 70% of the matches were investigated and the outcome revealed a £25k overpayments with £24k relating to COVID-19 business grant. The Council is currently taking action to ensure that the funds are recovered.

Details of this outcome was presented to the audit and risk committee in March 2022.

Standards of conduct for prevention and detection of fraud and error

The Council has a range of procedures for preventing and detecting fraud and irregularity including: a whistleblowing policy; fraud, bribery and bribery policy; and codes of conduct for members and officers. We assessed these to confirm that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

We consider that the Council has appropriate arrangements for the prevention and detection of bribery and corruption.

Governance and transparency (continued)

Internal audit

We considered the activities of internal audit against the requirements of Public Sector Internal Audit Standards (“PSIAS”), focusing our review on the public sector requirements of the attribute and performance standards contained within PSIAS.

We reviewed internal audit reports and conclusions, and consider that they do not indicate additional risks and there was no impact on our audit approach. Internal audit’s annual report confirmed, “In the Chief Internal Auditor’s opinion, reasonable reliance can be placed on the Council’s risk management and governance arrangements, and systems of internal control for 2021/22, subject to management implementation of the agreed actions detailed in Internal Audit reports.”

Internal audit completed or substantially completed 8 of the 10 planned audits per the 2021-22 Internal Audit Plan, and those that remain ongoing are extended into the 2022-23 Internal Audit Plan. In addition, Internal Audit continued to provide advice, support and assurance over the implementation of revised arrangements in connection with the new ways of working implemented as a result of the COVID-19 pandemic. This represents the drive to use internal audit to improve and support service delivery.

Internal audit recommendations are considered by officers in each service and the actions reviewed by Internal Audit prior to closure. As detailed in the Internal Audit Report 2021-22, 24 actions were identified as a result of the work undertaken. The Chief Internal Auditor highlighted that there were 3 high risk actions to implement, compared to 7 in 2019-20. This is partially reflective of the redeployment of Internal Audit officers to focus on critical services.

Our view – governance and transparency

We consider that the Council operates in an appropriately transparent manner.

The Council has good governance arrangements, with sufficient scrutiny offered from Council members through the Scrutiny and Performance Committee, and from an internal audit service that is sufficiently independent from finance and service delivery.

Value for money

Value for money (“VfM”) is concerned with using resources effectively and continually improving services.

Financial impact, and value for money assessment

The Perth & Kinross Offer (“the Offer”) aims to change how services are designed and delivered, and aims to further improve in respect of areas such as equality, economy and environment. The offer is built on four pillars: building the offer (the why), building the culture (the how), the offer workstreams (the what) and the contribution of people and groups (the who). Since our previous report on the Offer, progress has continued despite the ongoing pressures and challenges of increasing inflation, the cost of living crisis and wider economic uncertainty. Following the change in Council leadership and elected members, the Offer will require continued focus and consideration in order to be successful.

Capital projects

The Council has significant capital expenditure underpinned by the Investment Blueprint for the Future and Composite Capital Budget. The capital budget approved in February 2022 introduced new projects including significant expenditure on PH20, a proposed major new leisure centre in Perth city centre. It is a shared vision between Perth & Kinross Council (PKC) and Live Active Leisure (LAL) that has been researched and considered since 2017. Analysis, feasibility studies and research has been performed iteratively since inception in 2017. Eight various options were considered from “do nothing” to “a new build on a new site”. The options also included the refurbishment of existing facilities but this was not considered economically viable due to the limited lifespan of the refurbishment and the ageing, costly building.

Since inception, rising construction costs and the Councils decision to adopt the Passivhaus building standard (for all projects) in order to align with its climate targets have contributed to an increased estimated project cost approved in the plan of £90 million.

While numerous elected member briefings have occurred, there was limited evidence of public scrutiny or challenge in respect of the project (or scaled down option) when presented to Council for approval as part of the Capital Budget.

Alongside this new project, existing projects such as the Cross Tay Link Road, and others in the Capital Budget are increasing in cost as a result of the current economic environment.

The Council is currently under continuous pressure to increase service delivery, manage costs, including capital expenditure, and exercise good corporate governance. In light of increasing inflation, the cost of living crisis and wider economic uncertainty, capital project approval and monitoring in general will require ongoing review and scrutiny. This is particularly important in order to ensure that the Council demonstrates Best Value.

Recommendation one

Wider scope and Best Value

Financial impact, and value for money assessment

During the year, a member challenged whether it is within an ALEO's power to make certain decisions (regarding sports facilities) or whether they require to be referred to Council. This is largely based on interpretation of the Service Level Agreement (SLA). Council officers confirmed their view that the ALEO was acting within its powers. At a meeting of Council on 9 March, a motion regarding reminding the ALEO of its responsibilities was tabled which was followed by a lengthy discussion.

We inspected addendums to some SLAs which were effectively extended (during the Covid period) where they would have otherwise expired.

We consider that a review of all SLA's between ALEOs and the Council should be performed to ensure clarity of responsibilities and authorities and that these be updated as appropriate and evidenced as accepted by all parties.

Value for money (continued)

Performance Reporting

The Council produces an annual performance report (“APR”) which summarises its own key performance indicators. This is submitted to the Council, and is also available through the ‘PK Performs’ dashboard within the Council’s website. As in the prior year, the Council recognised that some indicators would not compare on a fair basis against prior year figures due to the inherent impact of the pandemic on a wide range of Council activities. As a result of this recognition, the Council opted to remove the trend analysis which indicates a deterioration, or improvement of indicators. In our view, considering the continued impact of COVID-19 during the 2022 financial year, the decision to remove the trend analysis continues to be appropriate for this year, and reflects the Council’s transparency on performance.

The APR does include comparators where it is fair to do so. Overall, the Council report performance on key performance indicators is favourable against similarly sized councils. Key highlights from the performance report include places being provided for nearly 3,000 eligible children across 51 Early Learning Centres, co-ordinating and supporting the response to child poverty, addressing issues such as income maximisation and food insecurity, positive increase in school leavers moving onto positive destinations, the development of an on-line adult learning hub, achieving UNESCO City of Craft and Folk Art Status as well as many more.

The APR will be considered by the Scrutiny and Performance Committee in September 2022, before being presented to the Council in September 2022 to allow for appropriate challenge and scrutiny by those charged with governance.

Wider scope and Best Value

Our view – value for money

We consider that the Council has processes to consider performance, and assess the financial impact of decisions made.















The Offer continues to progress positively, though as suggested in the Council’s most recent Best Value Assurance Report, will need to keep up with the pace expected of a project of this importance and size, particularly following changes in Council leadership and elected members.

The Council has a significant Capital Plan which will continue to be under pressure in light of inflation and increasing construction costs. The Council should ensure continued scrutiny and review of plans as they progress, against original objectives and alternatives in order to ensure Best Value.



Appendices

Required communications with the Audit Committee

Type		Response	Type		Response
Our management representation letter		We have requested specific representations in relation to heritage assets valuation, in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2022.	Significant difficulties		No significant difficulties were encountered during the audit.
Adjusted audit differences		There was one adjusted audit difference relating to a disclosure note.	Modifications to auditor's report		None.
Unadjusted audit differences		There was one unadjusted audit difference relating to valuation of property, specifically obsolescence on external works areas.	Disagreements with management or scope limitations		The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Related parties		There were no significant matters that arose during the audit in connection with the entity's related parties.	Other information		No material inconsistencies were identified related to other information in the annual accounts. The Management Commentary is fair, balanced and comprehensive, and complies with the law.
Other matters warranting attention by the Audit, Risk and Scrutiny Performance Committees		There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.	Breaches of independence		No matters to report. The engagement team and others in the firm, as appropriate, the firm and, when applicable, KPMG member firms have complied with relevant ethical requirements regarding independence.
Control deficiencies		We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.	Accounting practices		Over the course of our audit, we have evaluated the appropriateness of the Group's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts		No actual or suspected fraud involving Group or Component management, employees with significant roles in Group-wide internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.	Significant matters discussed or subject to correspondence with management		The key audit matters (summarised on pages 7 to 12) arising from the audit were discussed, or subject to correspondence, with management.

Auditor independence

Assessment of our objectivity and independence as auditor of Perth and Kinross Council and its Charitable Trusts (“the Council”)

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP’s objectivity and independence, the threats to KPMG LLP’s independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP’s objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result, we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged we to the Council and its affiliates for professional services provided during the reporting period. We have detailed the fees charged by us to the Council and its related entities for significant professional services provided during the reporting period below. Total fees charged by us for the period ended 31 March 2022 can be analysed as follows:

	Current Year £000 (inc VAT)	Prior Year £000s (inc VAT)
Audit of Council	178	175
Audit of Charitable Trusts	8	8
Audit related Assurance Services	8	8
Total Fees *	194	191
* Audit fees per the above table exclude the fee allocation to Audit Scotland borne by the Council.		

Auditor independence (continued)

The ratio of non-audit fees to audit fees for the year was 0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

Subsidiaries

We are appointed by the Accounts Commission via Audit Scotland as external auditor of Perth and Kinross Council Charitable Trusts; the Tayside and Central Scotland Transport Partnership and Perth and Kinross Integration Joint Board.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the audit and risk committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the audit and risk committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Audit differences

Unadjusted audit difference

The table below lists the unadjusted audit difference identified during the course of our 2021-22 audit procedures.

Nature of adjustment	Balance sheet		Income and expenditure account	
	£'000 DR	£'000 CR	£'000 DR	£'000 CR
1. Judgemental unadjusted audit difference for additional obsolescence for external works areas Debit reserves and credit Property, plant and equipment. (The specific split of the debit side of the entry between income and expenditure or various reserves is not known)	6,839	(6,839)	-	-

Adjusted audit difference

Misstatement in capital commitment disclosure note amounting to £24.9 million relates to Blairgowrie Recreational Centre project which had no contractual or legal commitment as at year end due to delays in commencing the project. The capital commitments note was updated to remove this project.

Action Plan

The action plan summaries specific recommendations arising from our work, together with related risks and management’s responses.

Priority rating for recommendations

Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the Council or systems under consideration. The weaknesses may therefore give rise to loss or error.	Grade two (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.	Grade three (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the control to meet their objectives in any significant way. These are less significant observations than grades one or two, but we still consider they merit attention.
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Finding and risk	Recommendation	Management proposed actions
1. Significant capital projects (Grade two)		
The Council continues to have significant capital projects in progress with Cross Tay Link Road (CTLR) being the largest civil engineering works ever undertaken by the Council. The estimated costs for this project have been revised upwards by £32.5 million due to increased construction inflation, supply chain difficulties and the increase in global energy prices. As noted on page 33, approval of PH2O, a major new leisure centre in Perth city centre, also has a significant budget and requires careful management and governance focus as it progresses to ensure management of financial, legal and operational risks.	It is recommended that there is continued review and scrutiny of planned capital projects in general. This should include consideration against corporate asset strategies, strategic priorities and include public consultation and identification of risks. This is particularly important during the current economic climate, increased construction inflation and wider economic uncertainty.	Response: Project governance arrangements are in place for significant capital projects, including CTLR. The Finance & Resources Committee has approved quarterly update reports on significant capital projects. A new Strategic Corporate Asset Board is being established which will ensure implementation of the Investment Blueprint. Responsible Officer: Executive Director - Communities When: by December 2022
2. Componentisation of infrastructure assets (Grade one)		
Concerns were raised by local government auditors that some authorities are not applying component accounting requirements appropriately when there is replacement expenditure. Due to inadequacy of historical financial and asset records a statutory override was extended by the Scottish Government to avoid wide ranging qualified audit opinions in this regard.	The Council needs to revise its processes for the recording and componentisation of Infrastructure assets before March 2024 in order to comply with the requirements of the Code in advance of expiry of the statutory override. It is likely that this issue will be considered by the sector as a whole.	Response: Agreed Responsible Officer: Chief Accountant When: 31 March 2024

Action Plan

The action plan summaries specific recommendations arising from our work, together with related risks and management's responses.

Priority rating for recommendations

Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the Council or systems under consideration. The weaknesses may therefore give rise to loss or error.

Grade two (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.

Grade three (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the control to meet their objectives in any significant way. These are less significant observations than grades one or two, but we still consider they merit attention.

Finding and risk	Recommendation	Management proposed actions
3. Timing of bank reconciliations (Grade three)		
<p>Based on our review of the bank reconciliation process, we noted instances where the bank reconciliation was completed but not reviewed on a timeous basis. For example, the April 2021 bank reconciliation for the Social Work Pensions bank account was completely timeously but only reviewed on 16 September 2021.</p> <p>No items were identified that impacted on the results of the reconciliation.</p>	<p>It is a key anti-fraud control for bank balances to be fully reconciled and reviewed on a regular basis. It is recommended that management ensures the timely review of all bank account reconciliations.</p>	<p>Response: Whilst one bank account reconciliation, it had not been reviewed (officers carry out and review approximately 110 bank account reconciliations each year). Management recognises the importance of ensuring reconciliations are completed and reviewed timeously, but not to the detriment of ensuring that important financial support payments are prioritised. Officers will be reminded of timely review of bank reconciliations.</p> <p>Responsible Officer: Chief Accountant</p> <p>When: 30 September 2022</p>
4. Capital commitment disclosure (Grade three)		
<p>During our work on capital commitments, we noted that management disclosed an amount of £24.9 million in relation to the replacement of Blairgowrie Recreation Centre. However, as at year end, no contractual or legal commitment existed to support the disclosure as the project was yet to be awarded to a contractor due to delays.</p> <p>Misstatement has been corrected in the accounts by management.</p>	<p>We recommend that management should enhance the assessment of capital commitments recorded in the accounts to include checks on whether a legal/contractual commitment existed as at the end of the year.</p>	<p>Response: Agreed</p> <p>Responsible Officer: Chief Accountant</p> <p>When: 31 March 2023</p>

Prior Year Recommendations

This section provides an update on prior year external audit recommendations, to determine whether they have been addressed. The table below summarises the recommendations made during the 2020-21 audit.

Original finding and risk	Recommendation	Original actions	Status
1. Valuation of heritage assets (Grade three)			
<p>The accounting framework prescribes requirements in respect of the valuation and recognition of heritage assets.</p> <p>Whilst we ultimately agreed with management's assessment over heritage assets, there is room for improvement in the process of considering the value, frequency and recognition of potential assets.</p>	<p>We recommend that the Council ensures that recognition and valuation of heritage assets is set out in a clear and concise manner, explaining the key decisions and judgements made in forming a conclusion.</p>	<p>Response: Agreed - the Council will liaise with CPK curators and prepare a document which summarises the process including new and relevant information obtained during 2021/22 and our conclusions.</p> <p>Responsible Officer: Chief Accountant</p> <p>When: 30 June 2022</p>	<p>Not implemented</p> <p>The timeline for the implementation of the recommendation is 30 June 2022 (post year-end), hence recommendation is not due for implementation.</p> <p>Implementation of the recommendation by management will be assessed during the 2022-23 audit.</p>
2. Oversight, governance and collaboration on the Perth & Kinross Offer (Grade three)			
<p>While officers have continued to progress the offer, including working with members and third parties, there has been no formal committee or publicly accessible reporting since October 2020. This reduces the ability of stakeholders to understand and support development of the Offer, as noted in specific feedback obtained from resident representatives.</p> <p>We consider that the Offer is intended to move towards co-design of service delivery with a broad range of stakeholders and that there is scope for greater involvement of those stakeholders in the ongoing design of the Offer and its implementation. Through discussion with management, we were unable to obtain sufficient evidence of co-design</p>	<p>We recommend that Officers agree with elected members an appropriate and agreed timetable for transparent scrutiny of progress on the Offer.</p> <p>We recommend that stakeholder involvement should be planned, considered and reported to those charged with governance.</p>	<p>Response: Agreed, it is anticipated that the Offer Framework will be considered by Council on 15 November 2021 and the Offer Communications & Engagement Plan will be considered by Council in December 2021. Going forward, it is anticipated that progress reports will be considered by Council bi-annually</p> <p>Responsible Officer: Head of Innovation</p> <p>When: ongoing</p>	<p>Implemented</p> <p>Offer framework was presented to the Council and received approval on 15 December 2021.</p>

Prior Year Recommendations (Continued)

Original finding and risk	Recommendation	Original actions	Status
3. Bank Reconciliations (Grade three)			
<p>The November reconciliation for the Revenue Account was not completed within a month of the period end, being completed in January. No items were identified that impacted on the results of the reconciliation.</p>	<p>It is a key anti-fraud control for bank balances to be fully reconciled on a regular basis. It is recommended that management ensures the timely reconciliation of all bank accounts.</p>	<p>Response: Agreed - one reconciliation was not complete within one month of the period end, due to significant workloads. The Team involved in completing the reconciliations were also responsible for processing thousands of additional payments to businesses, individuals and families during 2020/21. Management recognise the importance of ensuring reconciliations are completed timeously, but not to the detriment of ensuring that financial support payments required in 2021/22 are prioritised, and will remind key colleagues of this.</p> <p>Responsible Officer: Chief Accountant</p> <p>When: 31 August 2021</p>	<p>Not implemented</p> <p>Based on our review of the bank reconciliation process in current year, we noted instances where the bank reconciliation was noted completed within a month. For example, the April 2021 bank reconciliation for the Social Work Pensions bank account was not completed and reviewed until 16 September 2021.</p>
4. Management review of pension assumptions (Grade three)			
<p>Testing of the management review of pension assumptions identified that the officer carrying out the review did not have the necessary specific expertise to fully review and challenge the assumptions and estimates that the Actuary suggested for the Defined Benefit Obligations.</p> <p>Auditing standards require auditors to identify a management control where there is a significant risk. In the case of the defined benefit pension liability significant risk, we have not been able to identify a management control which is carried out to an acceptable level of expertise as required by the auditing standards.</p> <p>Due to the specialist nature of pension assumptions, we consider that the officer carrying out the review does not have the necessary specific expertise to fully review and challenge the assumptions and estimates that the Actuary suggested for the Defined Benefit Obligations.</p>	<p>We continue to recommend that should management wish to meet this requirement, that they will need to carry out a predictive review of the methodology and assumptions that are being proposed to calculate the net liability of the defined benefit pension scheme held by the Council.</p> <p>This would require the services of an additional independent actuary.</p> <p>This control point does not impact upon our planned audit approach and is a common audit finding across our portfolio</p>	<p>Response: Tayside Pension Fund engages independent actuaries to undertake an annual review of the Fund. The Council places reliance on the professional, independent judgement of the actuaries to ensure that the assumptions remain reasonable. The Council will not be incurring additional cost to review the work of the independent actuary. The Council will, however, continue to undertake an inhouse review of the pension assumptions to ensure that they are reasonable.</p> <p>Responsible Officer: n/a</p> <p>When: n/a</p>	<p>Not Implemented</p>

Prior Year Recommendations (Continued)

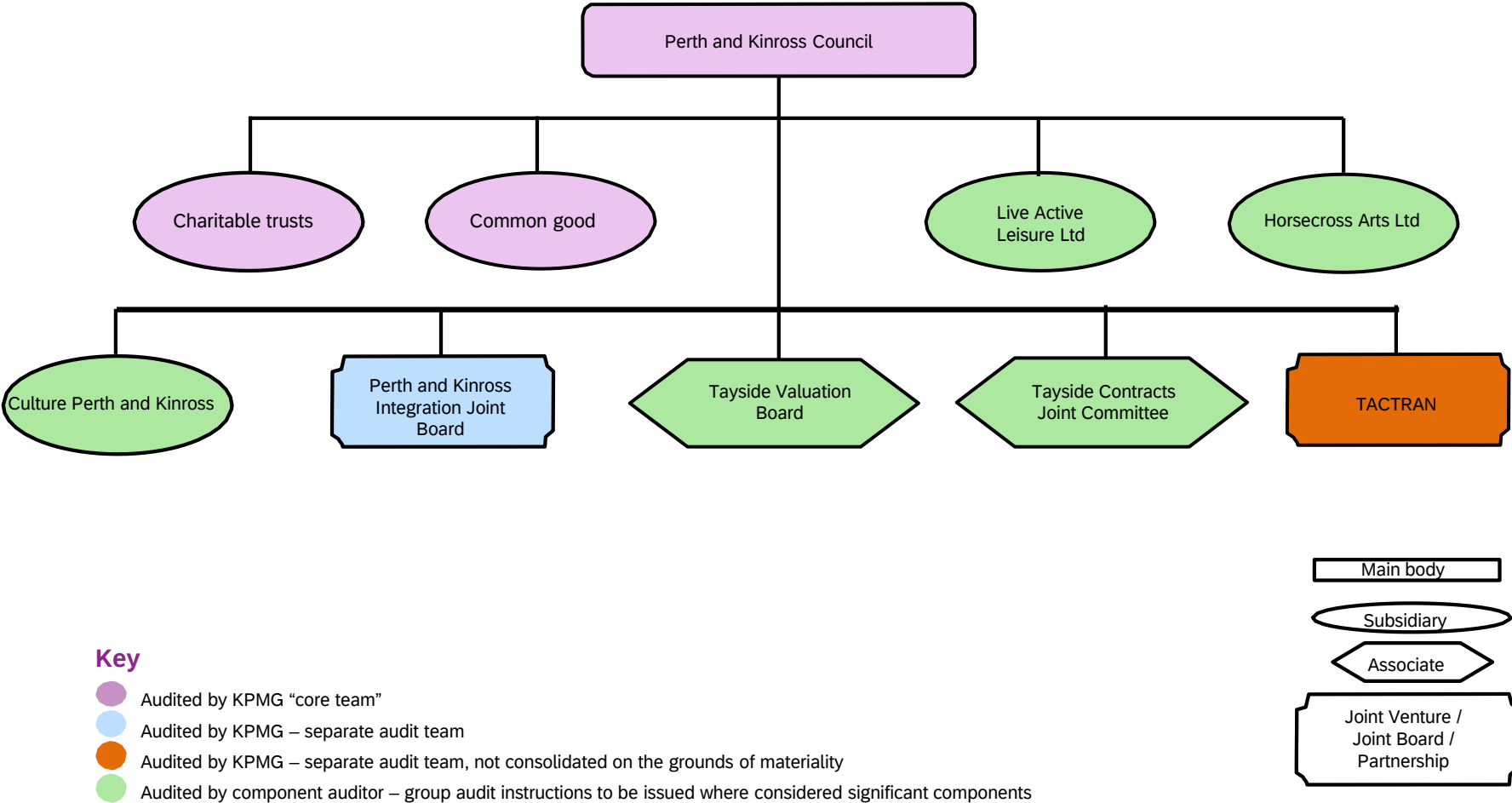
Original finding and risk	Recommendation	Original actions	Status
5. BACS payment process (Grade two)			
<p>As part of our audit, we remain alert to the susceptibility of fraud within the audit entity, using our existing knowledge from other entities and sectors.</p> <p>Management enhanced controls in respect of BACS payments following fraud identified at another local authority. While the control environment has been strengthened, we consider that a weakness remains in respect of the ability of a small number of senior staff to modify the BACS payment file and override the detection control which has been implemented.</p> <p>We note that our sample testing on page 26 in respect of BACS payment authorisation process did not identify any errors, and management have not identified any errors in relation to this weakness.</p>	<p>It is recommended that the detective control is redesigned to mitigate the risk that it is subject to management override by the privileged system users it is designed to monitor.</p>	<p>Response: The Council has implemented a number of controls in this area. Any amendments to the BACS payment file automatically generate an email to a number of senior members of Finance to allow for scrutiny and challenge. A central record is kept of any changes. Finance officers do not consider that this control can be reasonably strengthened any further.</p> <p>Responsible Officer: n/a</p> <p>When: n/a</p>	<p>Not implemented</p> <p>We will continue to plan and undertake our audit approach factoring in management's assessment.</p>
6. Council Tax and Non-Domestic Rates (Grade two)			
<p>In respect of both Non-Domestic Rates and Council Tax, we were unable to verify a formal approach in respect of how the Council considered reliefs spanning multiple years.</p>	<p>For best practice, it is recommended that the Council undertakes its formal process to consider these reliefs and discounts that span multiple years</p>	<p>Response: The Council recognises the need to regularly review discounts and exemptions awards that cross multiple financial years.</p> <p>To do this, each year a review timetable is created detailing the awards that we intend to review in the coming year.</p> <p>For Financial Year 2019/20, although such a timetable was created the reviews were not carried out as originally scheduled due to other work priorities.</p> <p>It is anticipated that a full review programme will be carried out during Financial Year 2020/21, although this may be impacted by Covid-19. The Local Taxes management team are content with this situation and will, as far as possible manage the risks of any delay in carrying out reviews.</p> <p>Responsible Officer: n/a</p> <p>When: n/a</p>	<p>Not Implemented</p> <p>We understand that due to the specific and understandable pressures affecting 2021-22, this has not been able to be progressed.</p>

Prior Year Recommendations (Continued)

Original finding and risk	Recommendation	Original actions	Status
7. Non-Domestic Rates (Grade three)			
We have tested the design and implementation of the controls around Non-Domestic Rates. In two cases there was no clear segregation of duties in terms of staff recording and authorising Non-Domestic Rates relief applications.	We recommend that management implements a process to ensure segregation of duties when completing and authorizing Non-Domestic Rates relief applications. In respect of management's response, we understand that detective controls are in place, we will consider their design and implementation as part of our year-end audit and will report on our findings in our Annual Audit Report. We do not plan to test the operating effectiveness to the extent we are not relying on IT based system controls.	<p>Response: The Local Taxes Management Team does not consider that there is a need for a clear segregation between accepting and processing information as it views this as one single customer interaction. They view the ability to make amendments, including those made at the point of contact, by an experienced member of staff to be beneficial in terms of customer service, and in achieving Best Value through effective use of staff resources rather than the recommended two-tiered approach. There is a very minor risk that staff could enter invalid information into the system, but this applies whether there is the existence of an application form or not. Furthermore, they strongly consider that satisfactory arrangements are in place through login control, system permissions, audit trails, accuracy checking and review processes to identify and mitigate any potential such actions occurring. Therefore, the Local Taxes Management Team are comfortable with existing processes and are accepting of any minor risks that current arrangements may bring.</p> <p>Responsible Officer: n/a</p> <p>When: n/a</p>	<p>Not Implemented</p> <p>We will continue to plan and undertake our audit approach factoring in management's assessment and are aware that there is continued shift towards online processing by individuals without staff intervention.</p>

Perth and Kinross Council group structure

The below diagram sets out our scoping of group entities in relation to the group financial statements, and related group audit instructions.



Grant claims and WGA return

We set out below the “other reporting” responsibilities of our audit appointment. We will update the audit and risk committee at the September meeting should there be any exceptions arising from the testing.

RETURN	DESCRIPTION	STATUS
Whole Government Accounts (“WGA”)	WGA is the consolidated financial statements for all components of government in the UK. Most public bodies are required to provide information for the preparation of WGA. External auditors are required to review and provide assurance on WGA returns over a prescribed threshold.	The WGA return for the 2021 financial year was submitted by the Council by end of July. The Threshold for auditing the 2021 WGA return was increased and thus this was not audited. Guidance for the 2022 WGA return is still pending.
Non Domestic Rates (“NDR”)	NDR in Scotland is collected by local authorities on an agency basis and notionally placed in a national ‘pool’, which is then redistributed among authorities based on each authority’s estimated collection levels. In April each year, authorities submit an estimate of their expected NDR following the year end, authorities are required to submit their actual NDR yield, known as ‘the notified amount’ in a final return to the Scottish Government.	At the time of drafting this report, the NDR audit was still to be completed.
Housing Benefits (“HB”)	The HB subsidy scheme is the means by which local authorities claim subsidy from the Department for Work and Pensions (“DWP”) towards the cost of paying HB in their local areas. Claimants benefits either by direct application to the authority or by applying simultaneously for income support/jobseekers allowance and HB to the DWP. Eligibility for, and the amount of, HB is determined in all cases solely by the local authority. Monthly instalments of subsidy are made by the DWP on the basis of authorities’ estimates in March and August. Final subsidy claims are made on claim form MPF720B which requires to be certified by the external auditor.	Our testing is ongoing and we expect to issue an opinion on the HB return in advance of the January 2023 deadline.
Education Maintenance Allowance (“EMA”)	EMA is a means tested weekly allowance payable to young people from low income families to encourage them to remain in education beyond the compulsory school leaving age. Local authorities manage the delivery of the EMA programme in respect of schools, home education, and all other learning other than college provision. EMA payments comprise a weekly allowance of £30 and are made by local authorities to eligible young people. The Scottish Government reimburses the costs incurred by authorities through monthly payments of grant. An allowance for the costs of administering the programme is also paid by the Scottish Government.	The EMA return did not require an audit for the 2022 financial year as per latest guidance issued by Audit Scotland.

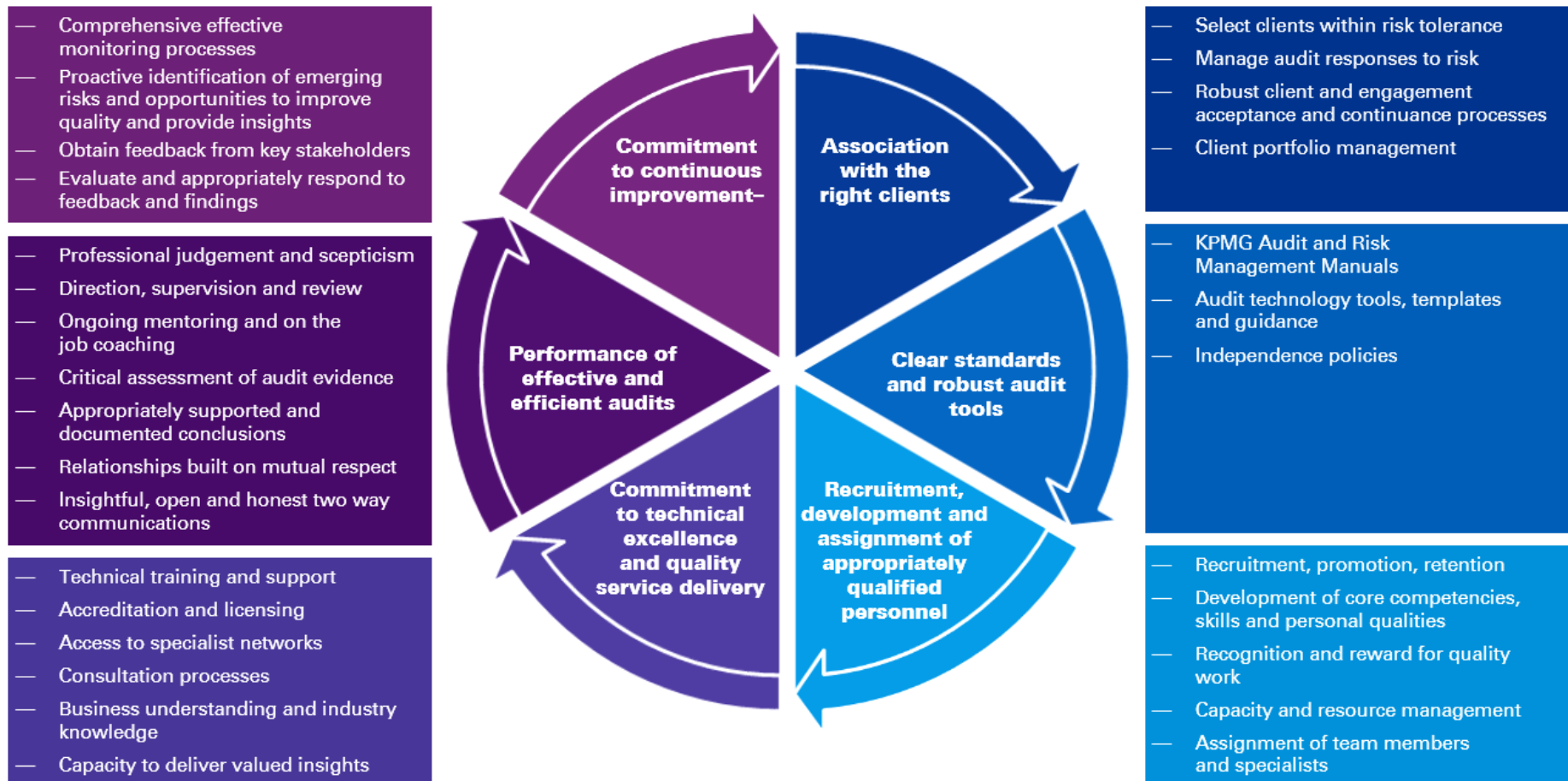
Appointed auditor's responsibilities

AREA	APPOINTED AUDITOR'S RESPONSIBILITIES	HOW WE HAVE MET OUR RESPONSIBILITIES
Statutory duties	Undertake statutory duties, and comply with professional engagement and ethical standards.	Appendix two outlines our approach to independence.
Financial statements and related reports	<p>Provide an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions.</p> <p>Review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns.</p>	<p>Page 5 summarises the opinions we have provided.</p> <p>Pages 16 reports on the other information contained in the financial statements, covering the annual governance statement, management commentary and remuneration report.</p> <p>Appendix seven reports that we have not yet issued opinions in respect of all grant claims and whole of government accounts.</p>
Financial statements and related reports	Notify the Auditor General or Controller of Audit when circumstances indicate that a statutory report may be required.	On page 22, we concluded on the effectiveness and appropriateness of arrangements and systems of internal control, including risk management, internal audit, financial, operational and compliance controls.
Corporate governance	Participate in arrangements to cooperate and coordinate with other scrutiny bodies.	Page 30 includes arrangements to cooperate and coordinate with other scrutiny bodies.
Wider audit dimensions	<p>Demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies':</p> <ul style="list-style-type: none"> - Effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets; - Suitability and effectiveness of corporate governance arrangements; - Financial position and arrangements for securing financial sustainability; - Effectiveness of arrangements to achieve best value; and - Suitability of arrangements for preparing and publishing statutory performance information 	We set out our conclusions on wider scope and best value in from page 19 onwards.

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework



Pensions assumptions



Overall assessment of assumptions for IAS 19 for audit consideration								
The overall assumptions adopted by the Employer are considered to be balanced relative to our central rates and within our normally acceptable range overall.							<div><div></div></div> <i>Balanced</i>	
Underlying review of individual assumptions		Methodology	Consistent methodology to prior year?	Compliant methodology with IAS 19?	Employer	KPMG central	Assessment vs KPMG central	Significant assumptions
Discount rate		AA yield curve	✓	✓	2.60%	2.64%	<div><div></div></div>	✓
CPI inflation		Deduction to inflation curve	✓	✓	3.20%	3.22%	<div><div></div></div>	✓
Salary increases		Employer best estimate	✓	✓	CPI plus 1.0%	In line with long-term remuneration policy	<div><div></div></div>	✓
Pension increases		In line with CPI	✓	✓	3.20%	3.20%	<div><div></div></div>	
Mortality	Base tables	In line with most recent Fund valuation	✓	✓	110% of the SAPS Series 3 Heavy tables	In line with best-estimate Fund experience	<div><div></div></div>	✓
	Future improvements	Latest available CMI model	✓	✓	CMI 2020 projections model, 1.25% long-term trend rate, a default initial addition parameter, a smoothing parameter of 7.5 and a 2020 weight parameter of 25%	CMI 2021 projections model, 1.25% long-term trend rate and default parameters	<div><div></div></div>	✓
Other demographics		In line with most recent Fund valuation	✓	✓	Members assumed to exchange half of their commutable pension for cash at retirement	In line with Fund experience	<div><div></div></div>	

We also considered the impact of the following special events: McCloud, GMP equalisation/indexation, recent legal rulings, and unreduced early retirements. See pages 11-12 for further details.

From the work performed in respect of the above special events we have not found reason to suspect management bias.



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