

**The City of Edinburgh Council
Annual Accounts 2022-23 -
Summary**



The City of Edinburgh Council Annual Accounts 2022/23

The Audited Annual Accounts present the financial position and performance of the Council, together with the position of the wider Council Group, for the year to 31 March 2023.

The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 using the Council's management structure as a reporting basis.

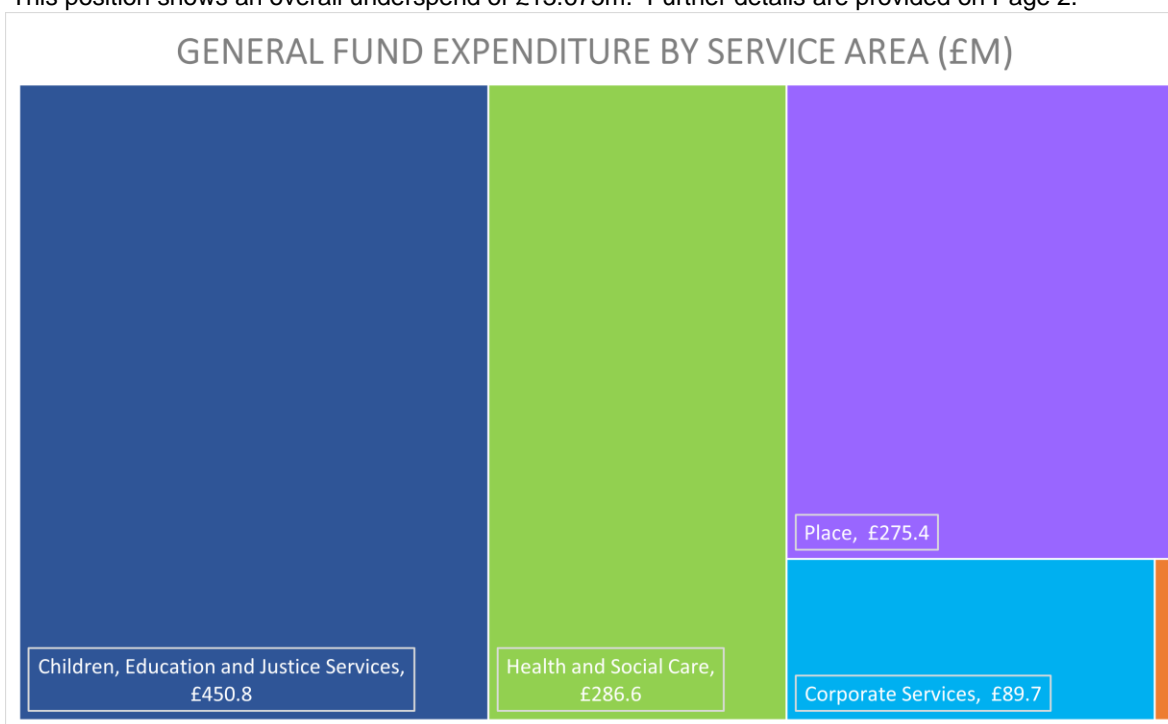
The audited annual accounts and annual accounts audit report were submitted to the Governance, Risk and Best Value Committee on 19 September 2023 and thereafter approved by the Finance and Resources Committee on 21 September 2023. A more detailed report including an assessment of the Council's performance across the four dimensions of the wider-scope audit was then considered at the Governance, Risk and Best Value Committee on 31 October 2023.

The audit certificate provided an unqualified audit opinion on the financial statements and other prescribed matters.

The outturn position for the General Fund, excluding accounting practice adjustments, compared to budget is summarised below.

	Revised Budget 2022/23 £000	Actual 2022/23 £000	(Under) / Over Spend £000
General Fund services	1,098,324	1,106,280	7,956
Non-service specific areas	139,665	120,758	(18,907)
Movements in reserves	(36,591)	(29,474)	7,117
Sources of funding	(1,201,398)	(1,211,239)	(9,841)
Transfer to earmarked reserves	0	(13,675)	(13,675)

This position shows an overall underspend of £13.675m. Further details are provided on Page 2.



Fees and charges levied by the Council have been offset against the cost of providing services and are included within the actual cost of General Fund Services shown above.

The orange-shaded box on the expenditure diagram represents the Council's requisition for the Lothian Valuation Joint Board of £3.8m.

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Council Comprehensive Income and Expenditure Account (CIES) Reconciliation to Budget Outturn

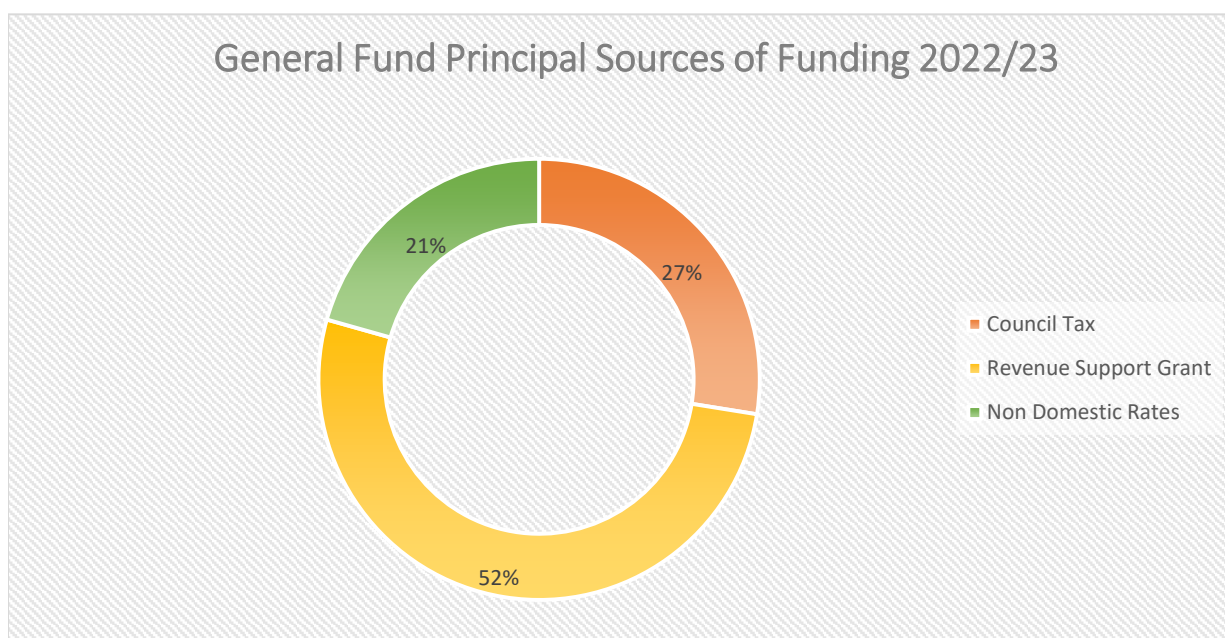
	2022/23
	£000
Total Comprehensive Income and Expenditure per Annual Accounts	(658,110)
Deduct net gains credited to the CIES	(756,467)
Deficit on provision of services, per CIES	<u>98,357</u>
Amounts included in CIES but required by Statute to be excluded when determining the General Fund surplus for the year *	(336,904)
Amounts not included in CIES but required to be included by statute when determining the General Fund surplus for the year **	252,478
Transfers to or from General Fund balance that are required to be taken into account when determining the General Fund surplus or deficit for the year	<u>(23,034)</u>
General Fund surplus reported in the Financial Statements	(9,103)
Planned funds transferred to earmarked balances	(4,572)
General Fund Surplus	<u><u>(13,675)</u></u>

* These include items such as depreciation, retirement benefits and income from donated assets

** These include items such as capital grants, pension contributions and repayment of debt

Taken as a whole, an in-year Council-wide underspend of £13.7m was achieved. Service areas overspent by some £8m (although when Homelessness services pressures of £11.2m were excluded, the three main service areas all recorded slight underspends) alongside in-year energy cost pressures of £5.7m. These were offset by £9.8m of additional Council Tax income (representing a combination of high in-year collection rates and a reduction in required bad debt provision for previous years), £8.2m of other corporate savings, including application of the budget framework risk contingency, £5m of unbudgeted income from the Millerhill Recycling and Energy Recovery Centre off-take agreement and £4.3m of net savings in loans charges, interest and investment income.

The principal sources of funding used by the Council during the year amounted to £1,211.2m, the relative breakdown is shown in the table below.

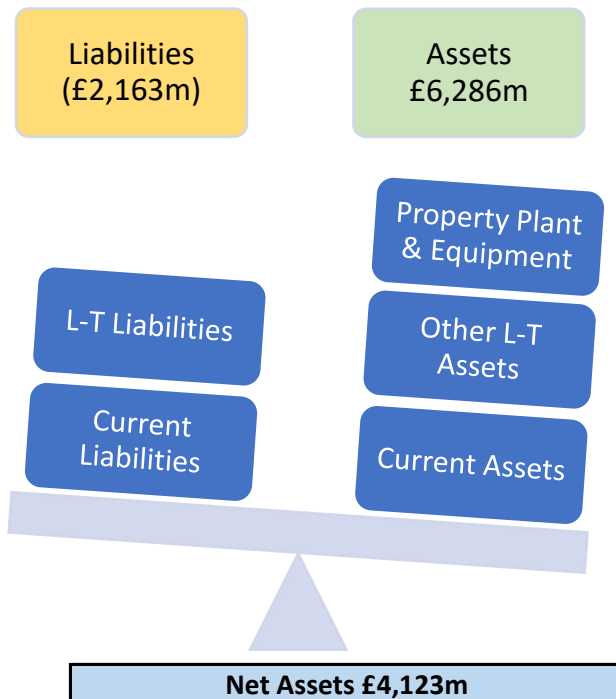


The Council Tax funding excludes the Council Tax Reduction Scheme

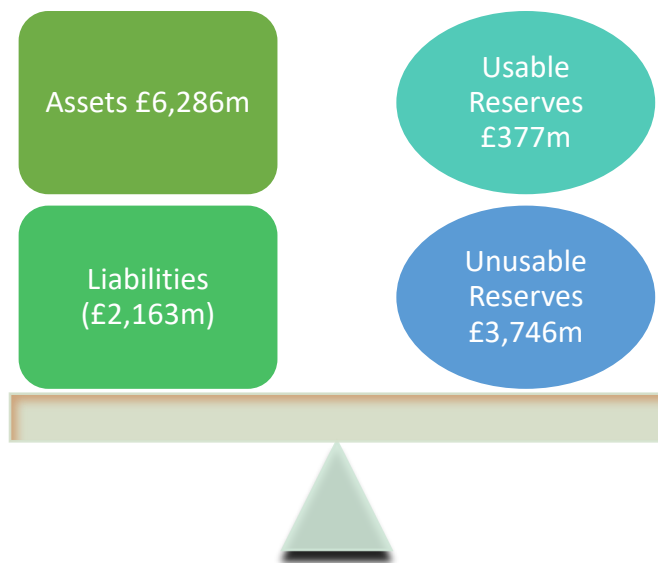
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The Council's Balance Sheet is summarised below. It brings together assets and liabilities, year end balances, money owed to and from the Council and reserves.

Council Asset and Liabilities at 31 March 2023

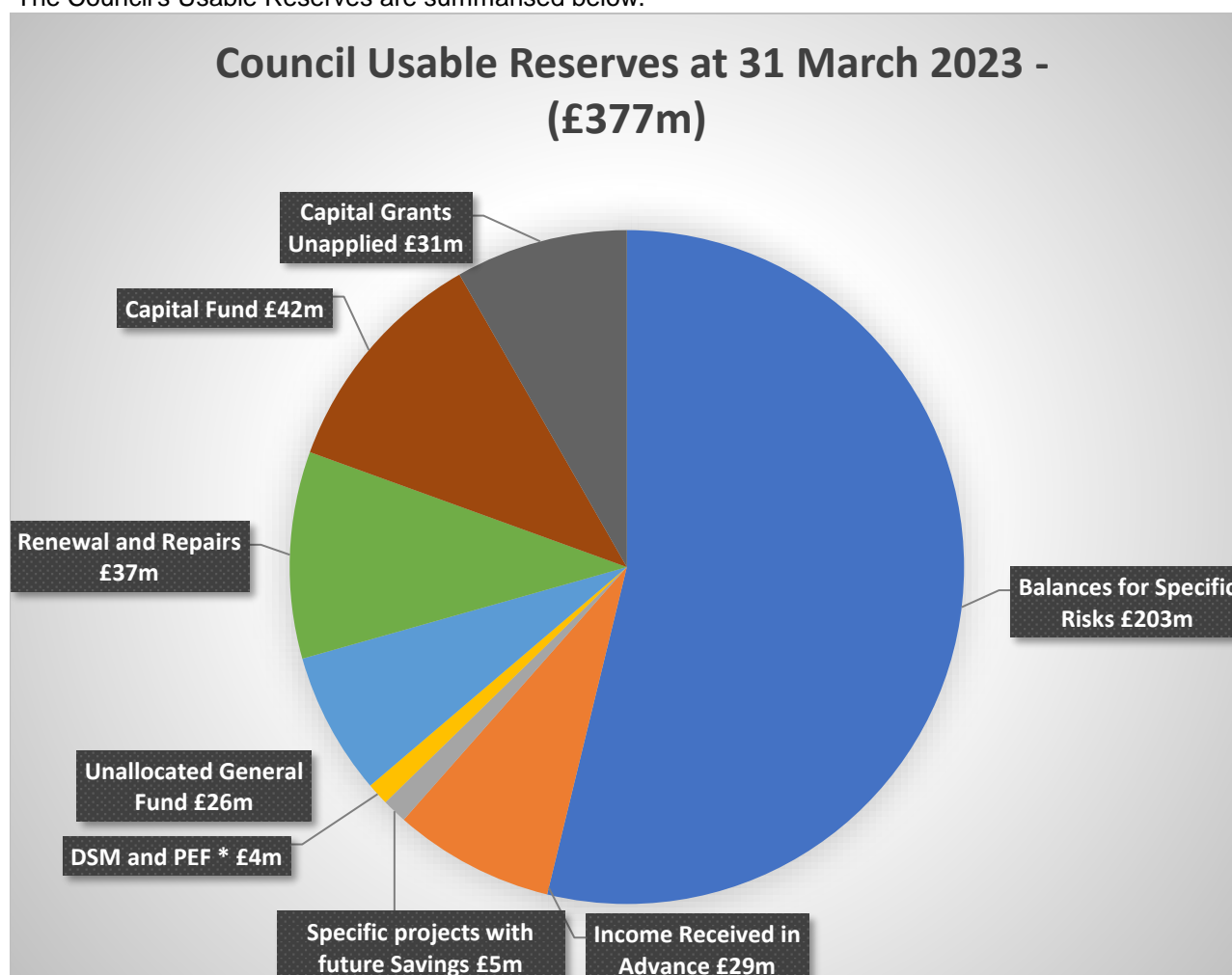


Council Balance Sheet at 31 March 2023



The City of Edinburgh Council Annual Accounts 2022/23

The Council's Usable Reserves are summarised below.



* Devolved School Management (DSM) and Pupil Equity Fund(PEF)

1. Unallocated General Fund - funds held against the risk of unanticipated expenditure and / or reduced income arising.
2. Capital Fund - funds set aside from the sale of property for the purpose of future capital expenditure or repayment of capital advances.
3. Renewal and Repairs - holds monies set aside for the the repairs of Council property and funds for PPP lifecycle maintenance.
4. Balances for Specific Risks and Income Received in Advance year end balances include significant COVID-related funding to be applied in subsequent years, (£33m and £4m respectively).

The Council's Unusable Reserves are summarised below.

	2022/23
	£m
Revaluation Reserve	2,414
Capital Adjustment Account	1,423
Financial Instruments Adjustment Account	(77)
Pensions Reserve **	0
Employee Statutory Adjustment Account	(14)
	<u><u>3,746</u></u>

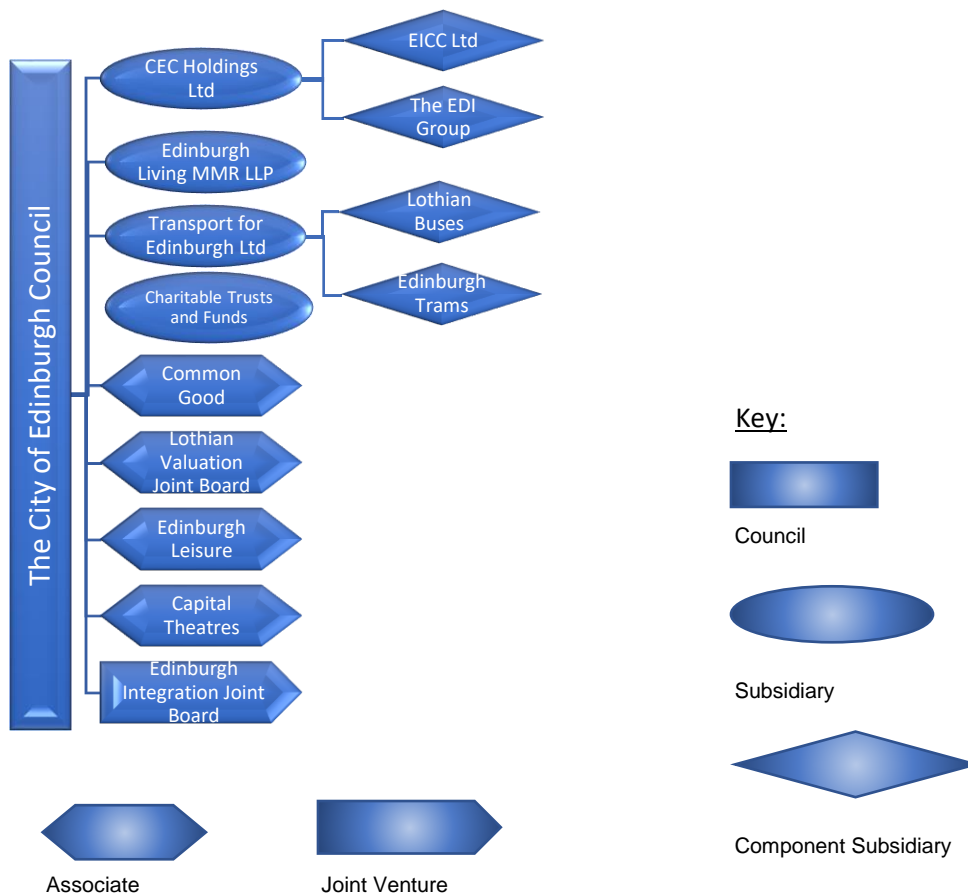
** The actuarial valuation of the pension fund at 31 March 2023 was a net asset of £977.9m, however IAS19 limits the measurement of a defined benefit scheme. An asset ceiling was calculated to bring the net value to £nil, in accordance with accounting standards.

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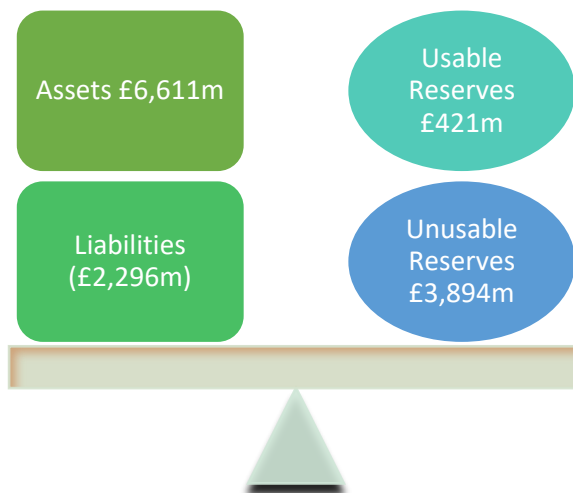
The Council and wider Group

The Council holds shares in various trading companies, either as a controlling or minority shareholder and is represented on Boards of various companies that have no share capital.

The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts.



Group Balance Sheet as at 31 March 2023



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Capital Expenditure

The Capital Investment Programme actively underpins the provision of Council services and is linked to a number of key plans and policies.

The Approved Capital Investment Programme budget reflected a degree of assumed slippage which did not occur to the level expected, resulting in a slight overspend from the original budget.

The 2022/23 outturn for capital expenditure is summarised below:

	Budget	Actual	(Slippage) / Acceleration
	2022/23	2022/23	2022/23
<u>Expenditure</u>	£000	£000	£000
General Fund Services	284,097	287,722	3,625
Housing Revenue Account	118,755	121,335	2,580
Total Capital Expenditure	<u>402,852</u>	<u>409,057</u>	<u>6,205</u>
<u>Income</u>			
Capital Receipts			
General Fund Services	(17,565)	(23,078)	(5,513)
Housing Revenue Account	(27,288)	(36,878)	(9,590)
	<u>(44,853)</u>	<u>(59,956)</u>	<u>(15,103)</u>
Grants			
General Fund Services	(149,151)	(149,935)	(784)
Housing Revenue Account	(9,137)	(37,679)	(28,542)
	<u>(158,288)</u>	<u>(187,614)</u>	<u>(29,326)</u>
Funded through borrowing	<u>199,711</u>	<u>161,487</u>	<u>(38,224)</u>

Major capital projects undertaken during the year included:

- £121.335m on new council homes and enhancing existing assets through the Housing Revenue Account (HRA);
- £65.466m roads, carriageways and other transport infrastructure;
- £55.182m social housing through housing development fund;
- £53.419m trams to Newhaven project;
- £46.465m creation and expansion of educational properties;
- £27.400m funding for mid-market rent homes through Edinburgh Living LLP;
- £10.497m asset management works at operational properties; and
- £10.327m waste, parks and greenspace, depot rationalisation and fleet projects

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Remuneration Report

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2017. The Regulations sets out the:

1. grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (the Lord Provost), senior councillors or councillors.
2. salary that is to be paid to the Leader of the Council. For 2022/23 this was £58,719.
3. maximum remuneration that may be paid to the Civic Head (the Lord Provost). For 2022/23 this was £44,039.
4. remuneration that may be paid to Senior Councillors.
5. total number of Senior Councillors the Council may have based on the size of the Council (24 for the City of Edinburgh Council).

The total yearly amount payable by the Council for remuneration of all Senior Councillors shall not exceed £763,323.

Remuneration Paid

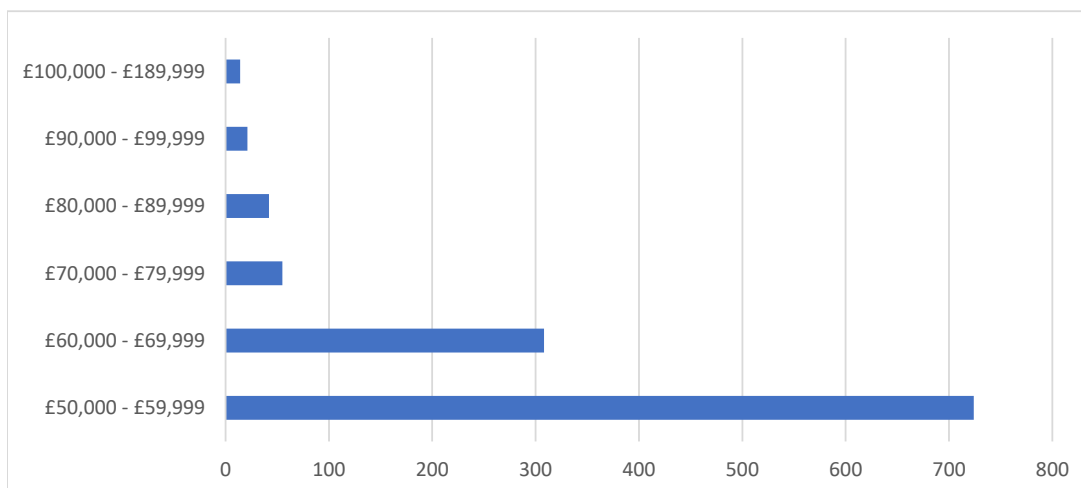
The Council paid the following amounts to members of the Council during the year:

	2022/23	2021/22
	£000	£000
Salaries	1,568	1,503
Expenses		
<i>Claimed by councillors / paid directly by the Council</i>	32	12
Total	<u>1,600</u>	<u>1,515</u>

The amounts paid to the Council's Senior Employees during the year are shown below. Senior Employees include the Chief Executive, departmental Executive Directors, Chief Social Work Officer, Joint Board Chief Officer and the Head of Finance.

	2022/23
	£000
Salaries	1,012
Expenses	7
Total	<u>1,019</u>

The total number of Council employees receiving more than £50,000 remuneration for the year (including early retirement/voluntary release costs) is shown below.



As at 31 March 2023, the total number employees receiving more than £50,000 remuneration represents 7.4% of all FTE staff employed by the Council.

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Remuneration Report - continued

Exit Packages

The number of exit packages provided for by the Council and the Group during the year, together with the total cost of those packages is shown in the table below. The total cost shown includes pension strain costs and the capitalised value of compensatory added years payments.

	Council	Group	Total
Total Number of Exit Packages	8	2	10
Total Cost of Exit Packages	£306,000	£58,000	£364,000

Council Performance

The Council's **2022/23 Annual Performance Report** was considered by members in August 2023.

The report is structured around the three key priorities (Ending Poverty by 2030; Becoming a Sustainable and Net Zero City by 2030; and Wellbeing and Equalities), along with the fifteen outcomes that sit under these priorities, and the associated KPIs.

The report includes analysis against 89 measures comprising 80 KPIs and 9 milestone measures. Of these:

- 63 KPIs have targets set for 2022/23 and have been assigned a red, amber or green status based on performance (38 ahead of target, 18 just behind target and 7 behind target)
- 9 KPIs have either no end of year figure or target for 2022/23 and so have been assigned a blue RAG status
- 8 KPIs are for monitoring purposes only and have been assigned a grey RAG status
- 9 milestones have been assigned a status of completed, in progress or delayed / behind target, depending on progress

Annual Governance Statement

The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is demonstrated by continuous improvement in the way its functions are carried out.

In discharging these responsibilities, Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including securing appropriate arrangements for the management of risk.

It is the assessment of relevant officers that the Council's governance and control framework provides a satisfactory level of assurance. The Council understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Improvements are needed in a number of areas to ensure that the Council's controls are strengthened and embedded fully and in particular capacity issues in services have to be addressed. There has been a strong commitment shown by the Chief Executive and Executive Directors in providing additional resource to address weaknesses when they are identified.

Independent Audit Report

An independent audit was undertaken by Audit Scotland to certify that the annual accounts were prepared in accordance with relevant accounting standards and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

The accounts received an unqualified audit certificate and were presented to the Finance and Resources Committee on 21 September 2023, along with the auditors Annual Report.