

**The City of Edinburgh Council
Annual Accounts 2023-24 -
Summary**



The City of Edinburgh Council Annual Accounts 2023/24

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 2024.

The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 using the Council's management structure as a reporting basis.

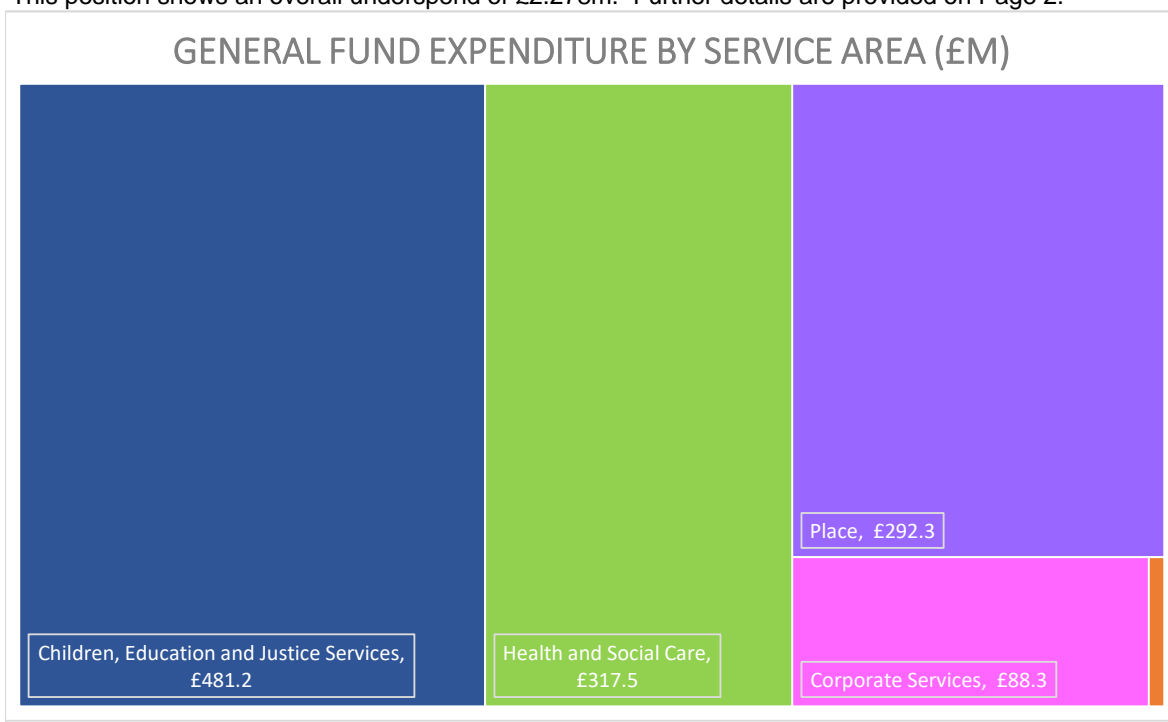
The audited annual accounts and annual accounts audit report were submitted to the Governance, Risk and Best Value Committee on 17 September 2024 and thereafter approved by the Finance and Resources Committee on 19 September 2024.

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 2023/24 £000	Actual 2023/24 £000	(Under) / Over Spend £000
General Fund services	1,158,555	1,183,179	24,624
Non-service specific areas	144,998	130,421	(14,577)
Movements in reserves	(28,866)	(36,280)	(7,414)
Sources of funding	(1,274,687)	(1,279,598)	(4,911)
Transfer to earmarked reserves	<u>0</u>	<u>(2,278)</u>	<u>(2,278)</u>

This position shows an overall underspend of £2.278m. 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 share of costs for the Lothian Valuation Joint Board of £3.8m.

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

2023/24
£000

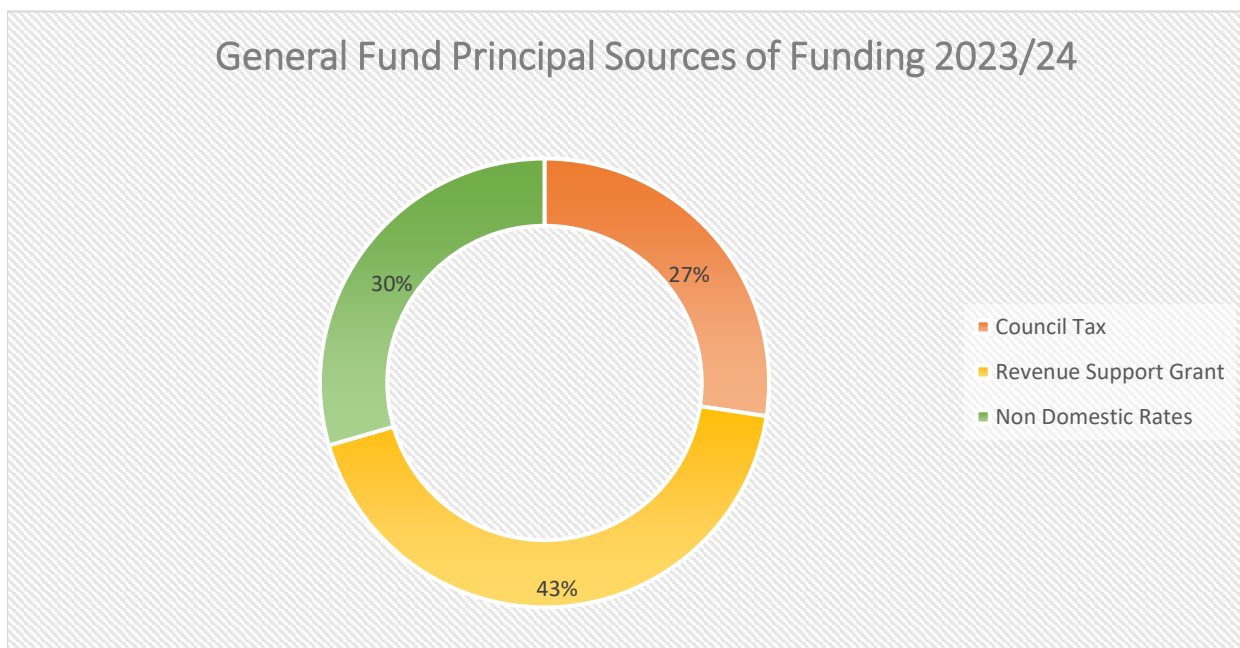
Total Comprehensive Income and Expenditure per Annual Accounts	136,690
Net gains credited to the CIES	18,975
Deficit on provision of services, per CIES	<u>155,665</u>
Amounts included in CIES but required by Statute to be excluded when determining the General Fund surplus for the year *	(358,388)
Amounts not included in CIES but required to be included by statute when determining the General Fund surplus for the year **	139,685
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>(23,893)</u>
General Fund surplus reported in the Financial Statements	(86,931)
Planned funds transferred to earmarked balances	84,653
General Fund Surplus	<u><u>(2,278)</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

While an overall underspend of £2.3m was achieved, this reflected net pressures of £24.6m across the Service Directorates and Edinburgh Integration Joint Board, with these offset by full application of 2022/23's underspend of £13.7m and savings in corporate budgets, principally Council Tax, energy costs and loans charges/interest received, of £13.2m.

The principal sources of funding used by the Council during the year amounted to £1,279.6m, the relative breakdown is shown in the table below.

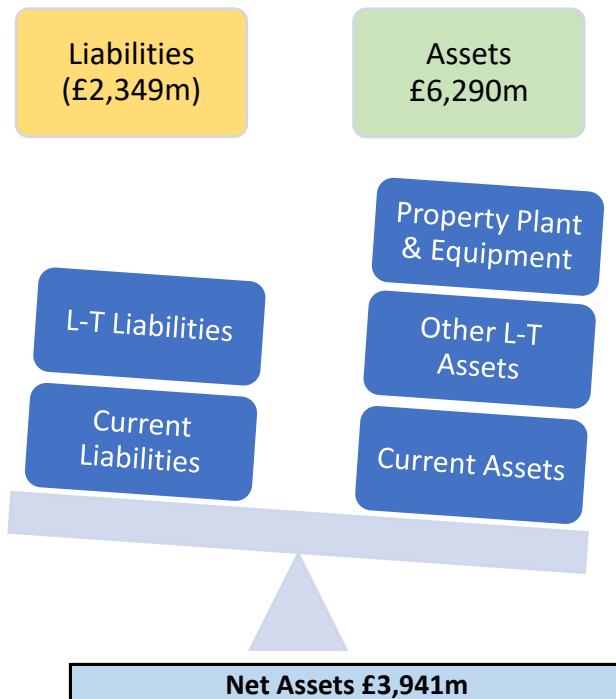


The Council Tax funding excludes the Council Tax Reduction Scheme

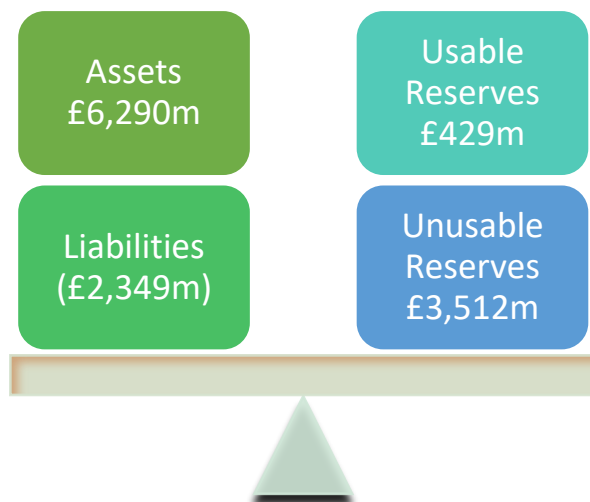
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The Council's Balance Sheet is summarised below. It brings together assets and liabilities, year end balances, money owed to and from the Council and reserves.

Council Asset and Liabilities at 31 March 2024

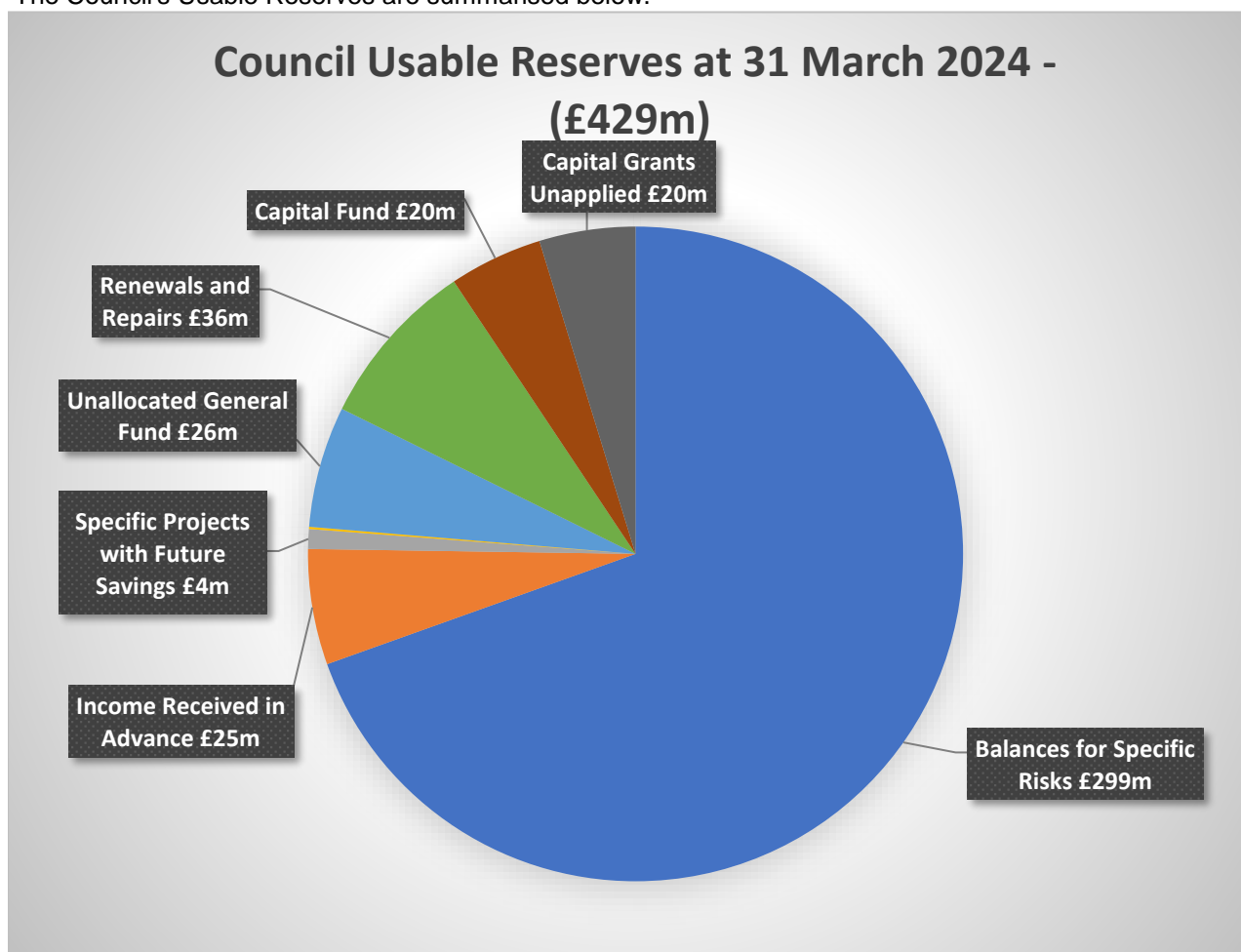


Council Balance Sheet at 31 March 2024



The City of Edinburgh Council Annual Accounts 2023/24

The Council's Usable Reserves are summarised below.



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, (£19m and £1m respectively).
5. Devolved School Management (DSM) and Pupil Equity Fund(PEF), sums required to be drawn down under the DSM scheme exceeded the opening balance available, this resulted in a combined overall debit balance of £0.465m as of the year end, due to timing differences.

The Council's Unusable Reserves are summarised below.

	2023/24
	£m
Revaluation Reserve	2,352
Capital Adjustment Account	1,297
Financial Instruments Adjustment Account	(73)
Pensions Reserve *	(49)
Employee Statutory Adjustment Account	(15)
	<u><u>3,512</u></u>

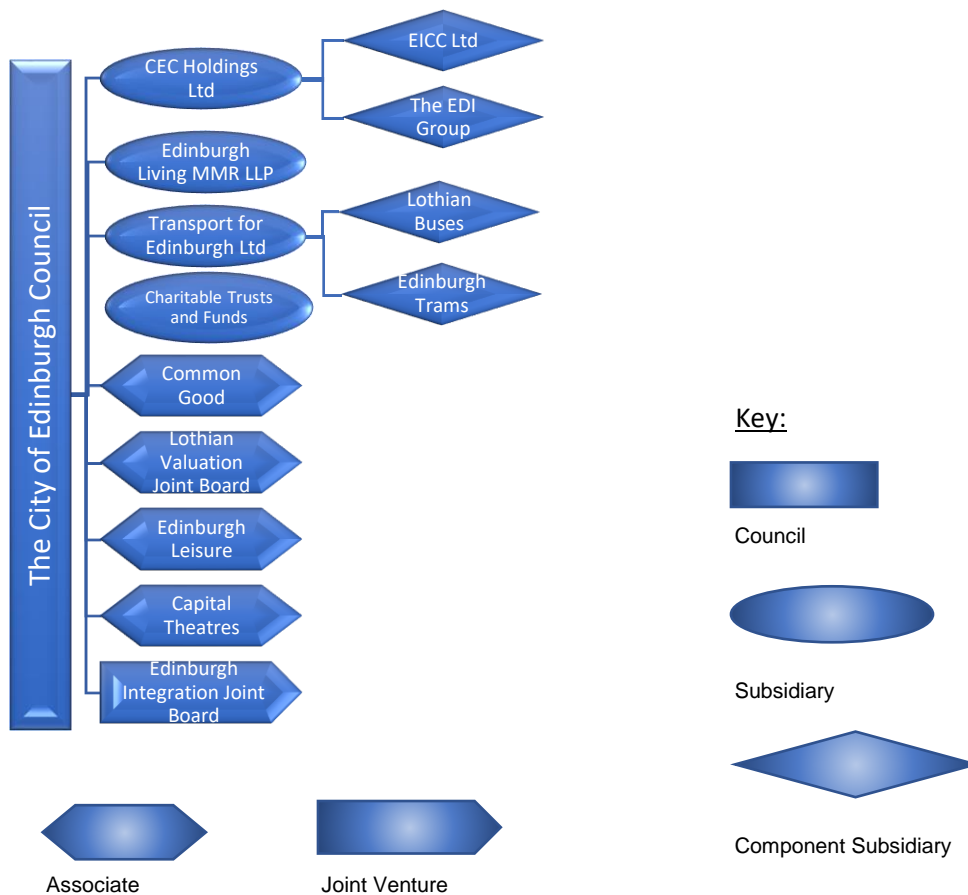
- * The actuarial valuation of the pension fund at 31 March 2024 was a net asset of £949.1m, however IAS19 limits the measurement of a defined benefit scheme. An asset ceiling was calculated to bring the net liability to £49m, in accordance with accounting standards.

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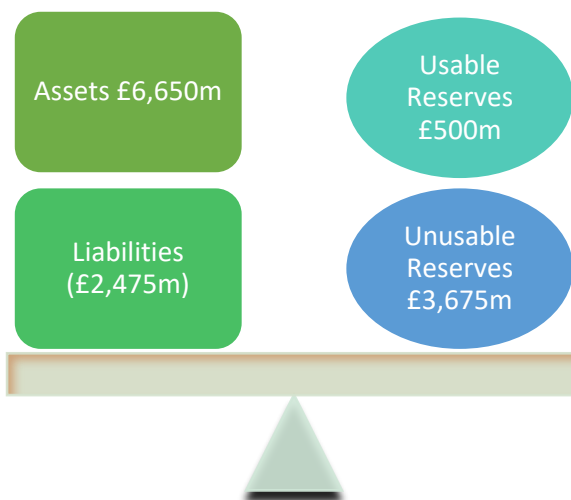
The Council and wider Group

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 2024



The City of Edinburgh Council Annual Accounts 2023/24

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 2023/24 outturn for capital expenditure is summarised below:

	Budget	Actual	(Slippage) / Acceleration
	2023/24	2023/24	2023/24
<u>Expenditure</u>	£000	£000	£000
General Fund Services	285,346	287,394	2,048
Housing Revenue Account	125,504	136,531	11,027
Total Capital Expenditure	<u>410,850</u>	<u>423,925</u>	<u>13,075</u>
<u>Income</u>			
Capital Receipts			
General Fund Services	(37,618)	(23,772)	13,846
Housing Revenue Account	(45,750)	(23,455)	22,295
	<u>(83,368)</u>	<u>(47,227)</u>	<u>36,141</u>
Grants			
General Fund Services	(180,650)	(180,054)	596
Housing Revenue Account	(10,889)	(24,886)	(13,997)
	<u>(191,539)</u>	<u>(204,940)</u>	<u>(13,401)</u>
Funded through borrowing	<u>135,943</u>	<u>171,758</u>	<u>35,815</u>

Major capital projects undertaken during the year included:

- £136.531m on new council homes and enhancing existing assets through the Housing Revenue Account (HRA);
- £83.943m roads, carriageways and other transport infrastructure;
- £80.237m creation and expansion of educational properties;
- £52.713m social housing through housing development fund;
- £11.171m waste, parks and greenspace, depot rationalisation and fleet projects;
- £10.887m trams to Newhaven project;
- £9.565m asset management works at operational properties; and
- £8.574m funding for mid-market rent homes through Edinburgh Living LLP.

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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 2023/24 this was £60,304.
3. maximum remuneration that may be paid to the Civic Head (the Lord Provost). For 2023/24 this was £45,229.
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 £783,933.

Remuneration Paid

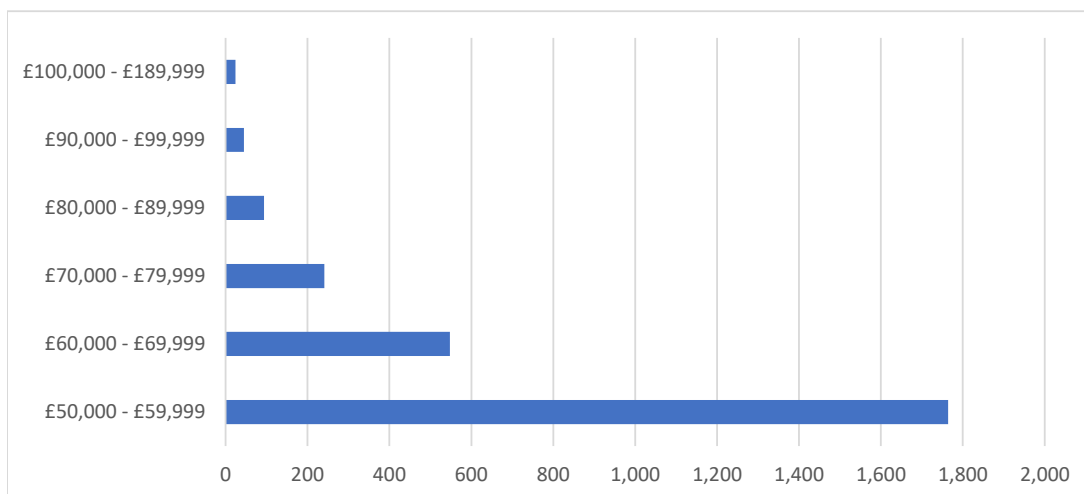
The Council paid the following amounts to members of the Council during the year:

	2023/24	2022/23
	£000	£000
Salaries	1,638	1,568
Expenses		
<i>Claimed by councillors / paid directly by the Council</i>	33	32
Total	<u>1,671</u>	<u>1,600</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 Chief Financial Officer .

	2023/24
	£000
Salaries	1,039
Expenses and compensation for loss of office	27
Total	<u>1,066</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 2024, the total number employees receiving more than £50,000 remuneration represents 16.8% 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	15	6	21
Total Cost of Exit Packages - £000	1,347	129	1,476

Council Performance

A progress report on the council's Business Plan was considered by the Planning and Sustainability Committee on 22 August 2024. This included an update on progress made towards delivering the plan's three main priorities and ten outcomes, along with actions progressed under these outcomes.

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.

In conclusion, the Council's governance and control framework provides a satisfactory level of assurance. There is a need for improvements to be embedded and sustained within services but progress has been made on this in the previous year and there has been a strong commitment from the Chief Executive and executive directors to resolving control issues. The Council understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Resource issues and challenging budgets remain and this continues to put pressure on staff and services and as a result governance and processes generally.

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 2023/24.

The accounts received an unqualified audit certificate and were presented to and approved by the Finance and Resources Committee on 19 September 2024, along with the auditors Annual Report.