

**The City of Edinburgh Council  
Annual Accounts 2021-22 -  
Summary**



**EDINBURGH**  
THE CITY OF EDINBURGH COUNCIL

# The City of Edinburgh Council Annual Accounts 2021/22

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 2022.

The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 using the Council's management structure as a reporting basis.

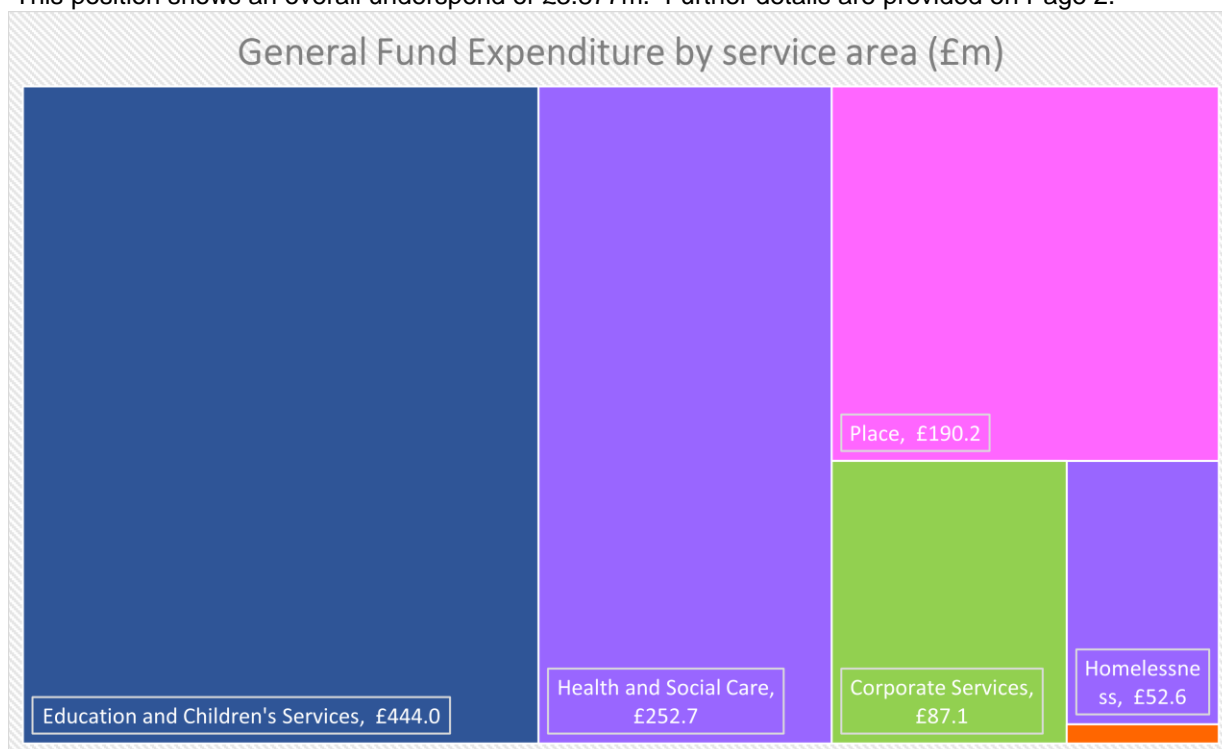
The audited annual accounts and annual audit report were submitted to the Governance, Risk and Best Value Committee on 31 October 2022 and thereafter approved by the Finance and Resources Committee on 10 November 2022.

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.

	<b>Revised Budget 2021/22 £000</b>	<b>Actual 2021/22 £000</b>	<b>(Under) / Over Spend £000</b>
General Fund services	1,035,426	1,030,378	(5,048)
Non-service specific areas	137,220	115,294	(21,926)
Movements in reserves	(19,238)	6,130	25,368
Sources of funding	(1,153,408)	(1,155,679)	(2,271)
Transfer to earmarked reserves	<u><u>0</u></u>	<u><u>(3,877)</u></u>	<u><u>(3,877)</u></u>

This position shows an overall underspend of £3.877m. 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.

# The City of Edinburgh Council Annual Accounts 2021/22

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

	<b>2021/22</b>
	<b>£000</b>
Total Comprehensive Income and Expenditure per Annual Accounts	(828,710)
Deduct net gains credited to the CIES	(1,084,189)
Surplus on provision of services, per CIES	<u>255,479</u>
Amounts included in CIES but required by Statute to be excluded when determining the General Fund surplus for the year *	(478,494)
Amounts not included in CIES but required to be included by statute when determining the General Fund surplus for the year **	184,779
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>2,064</u>
General Fund surplus reported in the Financial Statements	(36,172)
Planned funds transferred to earmarked balances	32,295
General Fund Surplus	<u><u><b>(3,877)</b></u></u>

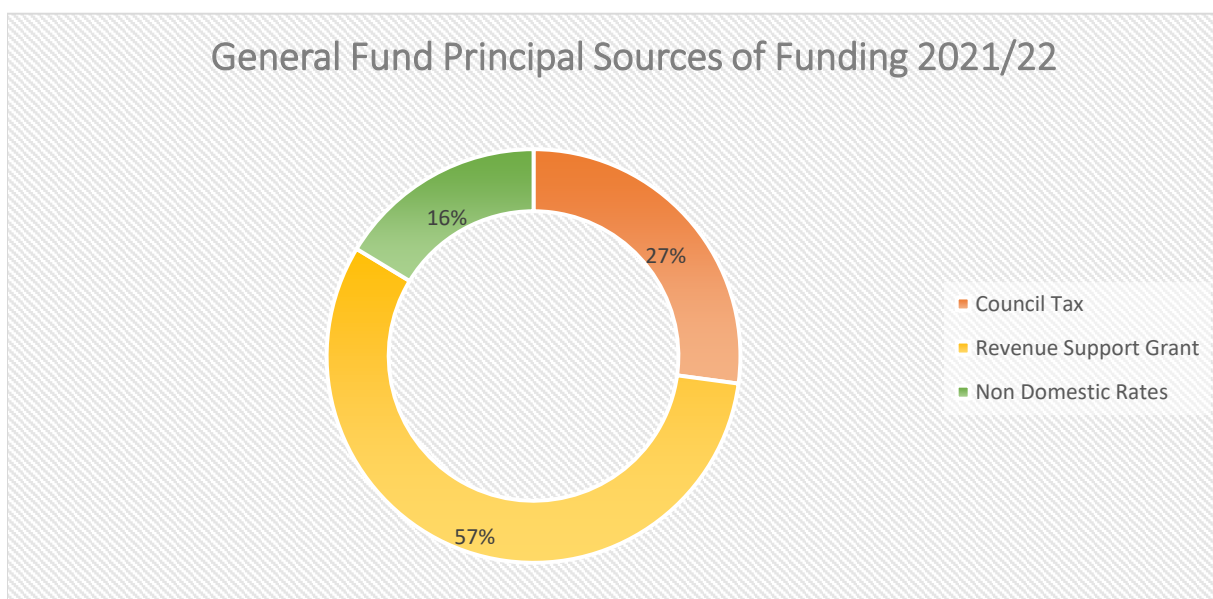
\* These include items such as depreciation, retirement benefits and income from donated assets

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

The Council's outturn position shows a net underspend of £3.877m. This net position is attributable to two main factors:

- Timing-related savings in employee budgets due to COVID restrictions.
- Savings or additional income in non-service budgets, including loan charges and Council Tax

The principal sources of funding used by the Council during the year amounted to £1,155.7m, the relative breakdown is shown in the table below.



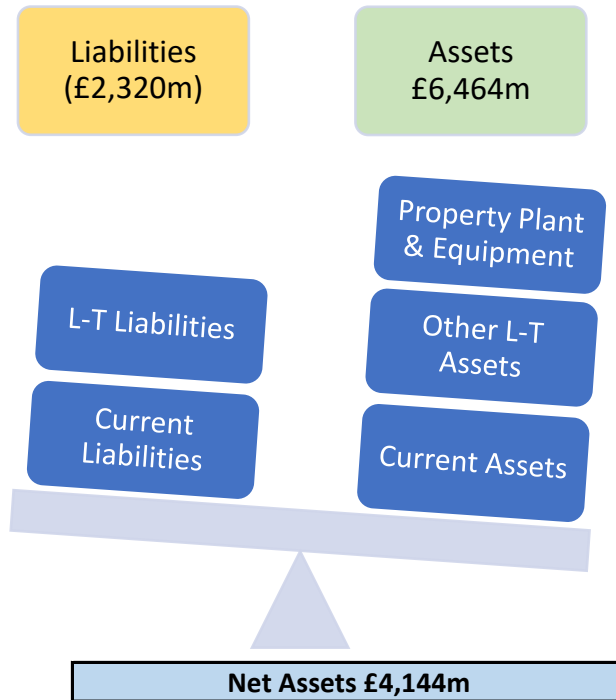
Note: Following the continuing impact of the pandemic and recognising significant in-year relief granted to affected businesses, the Scottish Government revised the relative balance of funding between the General Revenue Grant and Non-Domestic Rates and thus the proportions are significantly different from pre-Covid years.

The Council Tax funding excludes the Council Tax Reduction Scheme

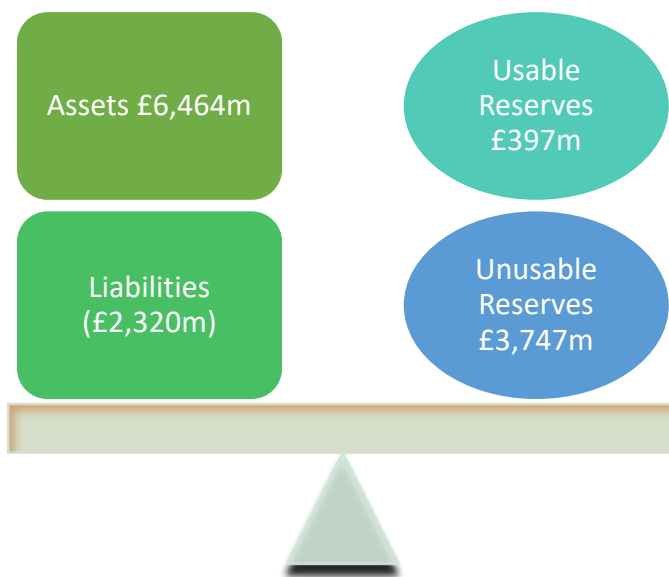
# The City of Edinburgh Council Annual Accounts 2021/22

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 2022

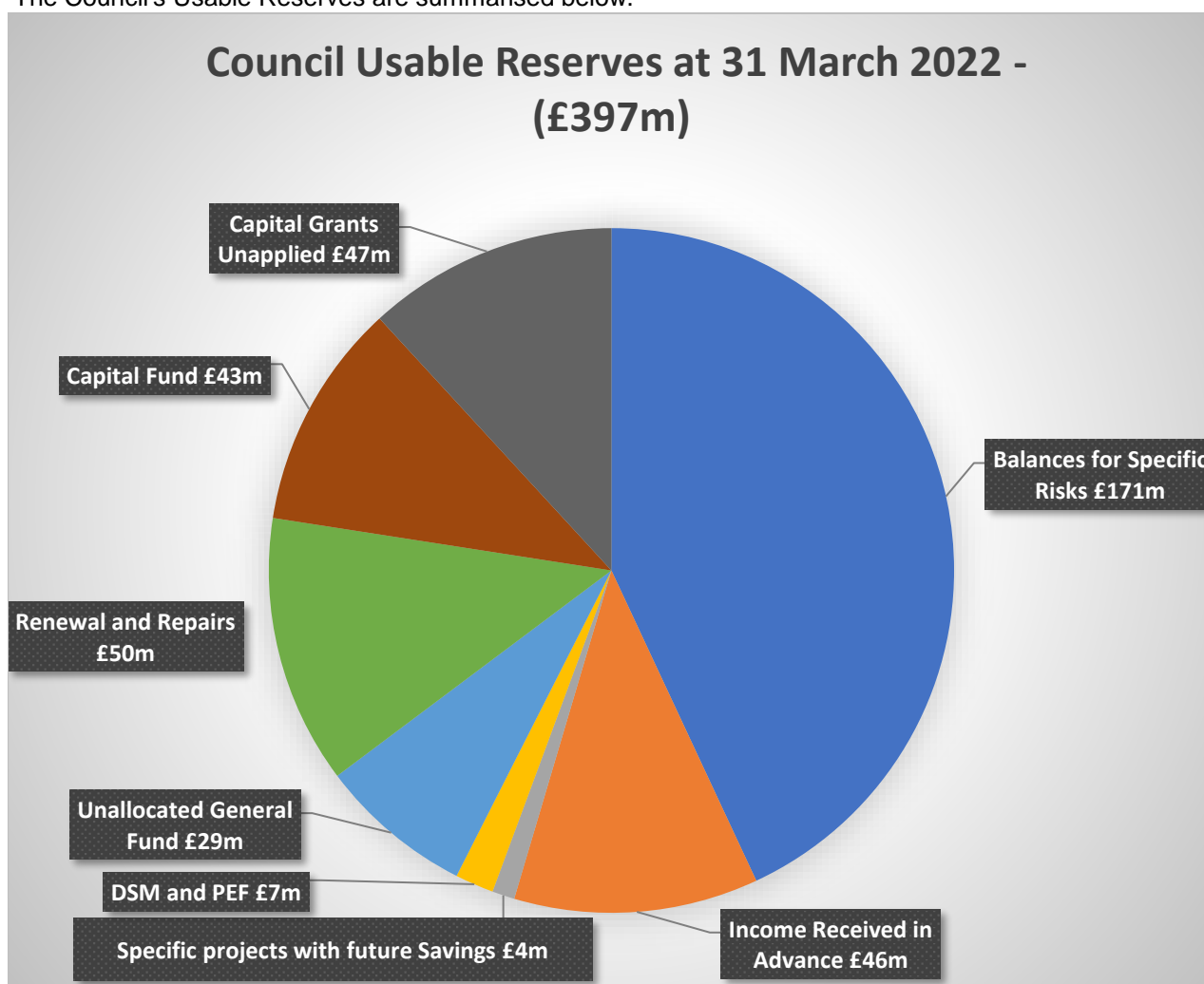


## Council Balance Sheet at 31 March 2022



# The City of Edinburgh Council Annual Accounts 2021/22

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. These were increased from £25m to £29m during the financial year, in view of the wider risks facing the Council.
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, (£71m and £15m respectively).

The Council's Unusable Reserves are summarised below.

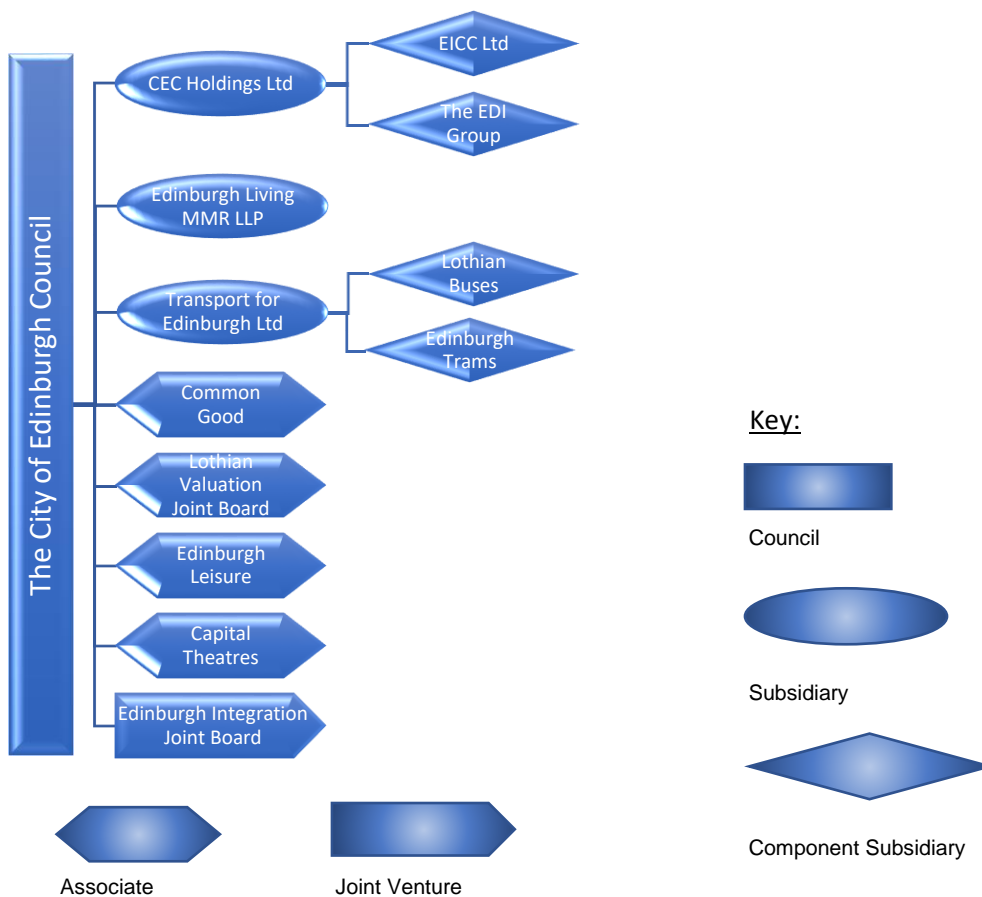
	<b>2021/22</b>
	<b>£m</b>
Revaluation Reserve	2,625
Capital Adjustment Account	1,419
Financial Instruments Adjustment Account	(79)
Pensions Reserve	(204)
Employee Statutory Adjustment Account	(14)
	<u>3,747</u>

# The City of Edinburgh Council Annual Accounts 2021/22

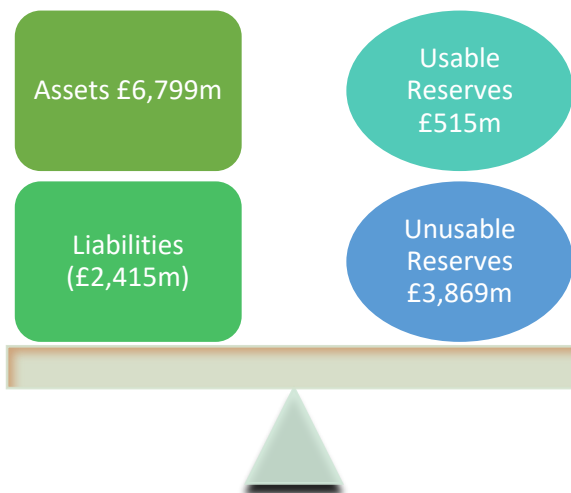
## The Council and wider Group

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 2022



# The City of Edinburgh Council Annual Accounts 2021/22

## 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 Capital Investment Programme has been significantly impacted by the Covid-19 pandemic and resulted in slippage (underspend) from the original budget.

The 2021/22 outturn for capital expenditure is summarised below:

	<b>Budget</b>	<b>Actual</b>	<b>(Slippage) / Acceleration</b>
	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
<u>Expenditure</u>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Communities and Families	118,347	118,239	(108)
Place	314,587	280,109	(34,478)
Resources	4,616	3,155	(1,461)
Housing Revenue Account	103,987	64,850	(39,137)
Edinburgh Integration Joint Board	470	648	178
Total Capital Expenditure	<u>542,007</u>	<u>467,001</u>	<u>(75,006)</u>
<u>Income</u>			
Capital Receipts	(116,623)	(80,952)	35,671
Grants	<u>(121,222)</u>	<u>(130,244)</u>	<u>(9,022)</u>
	(237,845)	(211,196)	26,649
Funded through capital advances	<u>304,162</u>	<u>255,805</u>	<u>(48,357)</u>

Capital Expenditure for the year totalled £467.001m. Major capital projects undertaken during the year included:

- £64.850m on new council homes and enhancing existing assets through the Housing Revenue Account (HRA);
- £64.213m roads, carriageways and other transport infrastructure;
- £52.418m social housing through housing development fund;
- £59.550m St James GAM redevelopment investment;
- £95.726m creation and expansion of educational properties;
- £68.486m trams to Newhaven project;
- £4.167m funding for mid-market rent homes through Edinburgh Living LLP; and
- £23.236m asset management works at operational properties

# The City of Edinburgh Council Annual Accounts 2021/22

## 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 2021/22 this was £55,817.
3. maximum remuneration that may be paid to the Civic Head (the Lord Provost). For 2021/22 this was £41,862.
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 £725,601.

## Remuneration Paid

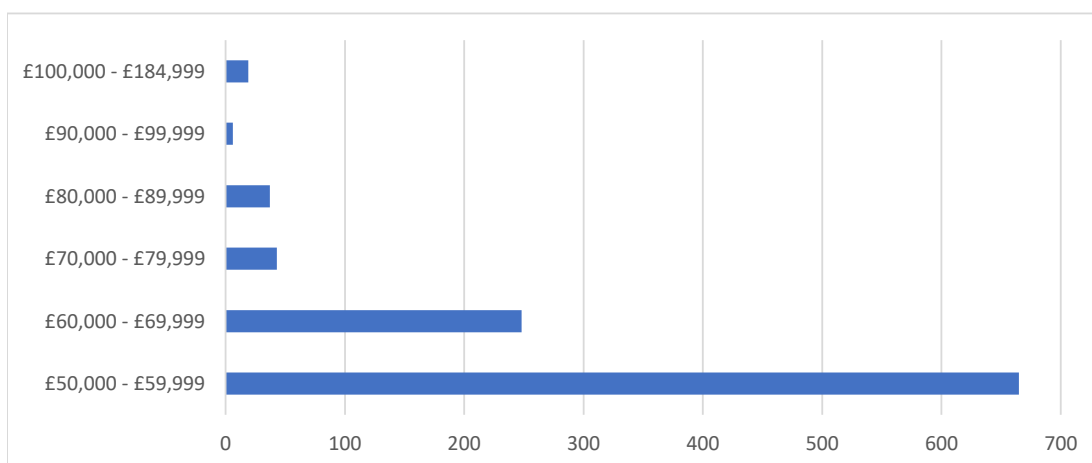
The Council paid the following amounts to members of the Council during the year:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>
<b>Salaries</b>	1,503,070	1,455,259
<b>Expenses</b>		
<i>Claimed by councillors</i>	72	0
<i>Paid directly by the Council</i>	12,301	13,286
<b>Total</b>	<u>1,515,443</u>	<u>1,468,544</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.

	<b>2021/22</b>
	<b>£</b>
<b>Salaries</b>	1,038,556
<b>Expenses</b>	0
<b>Total</b>	<u>1,038,556</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 2022, the total number employees receiving more than £50,000 remuneration represents 6.7% of all FTE staff employed by the Council.



# The City of Edinburgh Council Annual Accounts 2021/22

## 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.

	<b>Council</b>	<b>Group</b>	<b>Total</b>
Total Number of Exit Packages	22	3	25
Total Cost of Exit Packages	£1,905,000	£163,000	£2,068,000

### 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 certain areas to ensure that the Council's controls are implemented and embedded fully and in particular capacity issues in services have to be overcome. There has though been a strong commitment shown by the Chief Executive and Executive Directors in providing additional resource to address these weaknesses. Covid-19 continued to put a considerable strain on services, but the Council has put in place strong processes to manage these pressures and managed to resume services based on priority. However, the Council must continue to be ambitious and committed to improving its governance, as budgetary and resource pressures increase, to ensure that it continues to operate effectively.

### Independent Audit Report

An independent audit was undertaken by Azets Audit Services 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 2021/22.

The accounts received an unqualified audit certificate and were presented to the Finance and Resources Committee on 10 November 2022, along with the auditors Annual Report.