



Annual Accounts 2023-24

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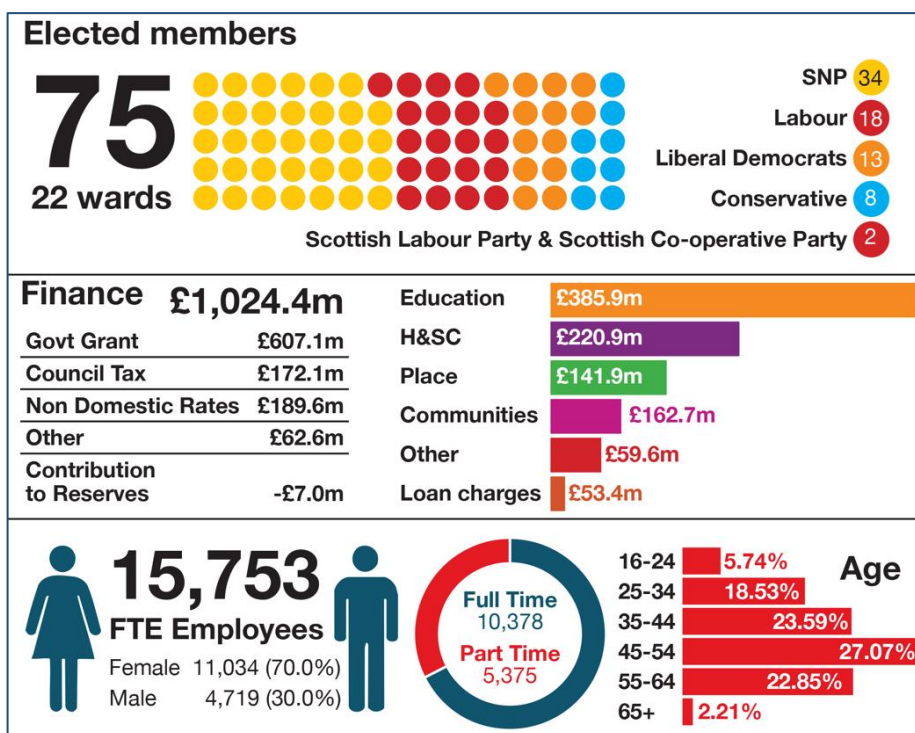
1. Introduction

Welcome to the financial statements for Fife Council and its group for the year ended 31 March 2024. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This commentary outlines the key messages regarding the performance of the Council over the 2023-24 financial year as well as providing an indication of risks and issues which may impact upon the Council in the future.

2. Profile of Fife Council

Fife Council was constituted under the Local Government (Scotland) Act 1994 in April 1996 bringing together the work of the previous regional council and 3 district councils and is Scotland's third largest area by population. Fife has approximately 370,000 residents, 57% of which live in principal towns of Dunfermline, Kirkcaldy, Glenrothes and the group of towns forming Levenmouth, but there are also many other rural and urban settlements, which has implications on the costs of providing services.

The last council elections were held on 5 May 2022. The SNP group hold the most seats on the Council but fall short of a majority. The councillors voted to elect Cllr David Ross (Labour) as Council Leader and to create a Cabinet structure of governance.



The Council provides a range of essential public services throughout Fife. The Council is structured into 5 main Directorates and during the year was led by the Chief Executive, Ken Gourlay who was responsible for ensuring the Council delivers high quality services to Fife residents.

DIRECTORATES



The Integration Joint Board is a partnership with both Fife Council and NHS Fife and is responsible for the planning and operational oversight of Integrated Services, and through the Chief Officer, known as the Director of Health and Social Care, is responsible for the operational management of those services delegated, including Health & Social Care and managed by the Board.

The Council has a number of Arms' Length subsidiary organisations who provide services on behalf of Fife Council – Fife Cultural Trust, Fife Sports and Leisure Trust, Fife Golf Trust, Fife Coast and Countryside Trust and Fife Resource Solutions. Section 4 contains more details about these and the other entities in the Fife Council Group.

3. Objectives and Strategy of the Council

Fife Council and its community planning partners (the Fife Partnership) have a clear strategic ambition for Fife to be a place where all residents lead good lives, make informed choices, and have a sense of control so that they can reach their full potential; all children are safe, happy and healthy and partners make the best use of assets and facilities, while sustaining them for future generations. The overall vision is for A Fairer Fife.

This vision and twelve associated ambitions are set out in the [Plan for Fife](#) - the ten-year local outcomes improvement plan (LOIP) published in November 2017. A three-year update was published in 2021: [Plan for Fife: Recovery and Renewal Plan](#). This included an additional ambition capturing Fife's goals in relation to the climate emergency declared in 2019. The targets and actions relating to that are set out in [Climate Fife](#). Fife Council provides an annual [Public Body Duties Report](#) which is required in compliance with climate change duties established under S44 of the Climate Change (Scotland) Act 2009 and in accordance with subsequent orders.

The 2021-24 Recovery and Renewal Plan outlines three priorities to be driven through a community wealth-building approach: tackling poverty and preventing crisis, leading economic recovery, and addressing the climate emergency – all delivered in the context of the Plan for Fife's 10-year ambitions.



The strategic plan is supported by local community plans in each of Fife's seven local committee areas. These and wider information about how Fife works alongside communities can be found [here](#).

Following three-year review work in 2023-24, the recovery and renewal priorities remain the focus for action 2024-27, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with communities if inequalities are to be addressed and life chances boosted for all.

A three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027.

Fife Council is progressing organisational change and reform to support the whole system change the Plan for Fife points through four strategic change priorities; 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place.

4. Finance and Performance

Performance Reporting

Under the Local Government in Scotland Act 2003, Fife Council has a statutory duty to deliver Best Value. Public Performance Reporting (PPR) is an essential component of Best Value and has a strategic approach in the way it is reported to the public. The Council adopted a Balanced Scorecard approach to report operational performance and latest Local Government Benchmarking Framework (LGBF) information. That approach is being developed and improved to integrate and reflect wider aspects of service planning, change and improvement. Performance information is used internally to ensure sound governance and management, and a variety of performance reports are available to the public via the [council website](#).

Reporting of Financial Performance includes regular budget monitoring reports for both Revenue and Capital expenditure and these provide a forecast of the financial position of the Council for the year as well as reporting the level of reserves held by the Council. The style of reporting ensures a focus on strategic oversight by the Cabinet Committee of the Council with more detailed financial performance reports being presented to the Scrutiny Committees. Commentary on the single entity that is Fife Council are provided below, and details of Group information are provided on page 11.

The revenue outturn position was reported to the Cabinet Committee on 15th August 2024, and a comparison of the final outturn to the primary statements of these accounts, is detailed in the table below: -

2023-24 Financial Year	General Fund Outturn				Annual Accounts			
	Outturn	Budget	Variance		General Fund	HRA Transfers		Total
	£m	£m	£m	%	£m	£m	£m	£m
Education	385.901	384.058	1.843	0.48%	385.901		30.355	416.256
Health & Social Care	220.914	218.730	2.184	1.00%	220.914		3.789	224.703
Place	141.891	139.693	2.198	1.57%	141.891		26.960	168.851
Communities	162.646	160.121	2.525	1.58%	162.646	(28.519)	17.724	151.851
Finance & Corporate	59.259	61.778	(2.519)	(4.08%)	59.259		10.274	69.533
Chief Executive	0.302	0.322	(0.020)	(6.21%)	0.302		0.004	0.306
Service Expenditure	970.913	964.702	6.211	0.64%	970.913	(28.519)	89.106	1,031.500
Loan Charges & CFR	53.441	55.375	(1.934)	(3.49%)	53.441	30.605	(84.046)	0.000
Contingencies	0.000	13.279	(13.279)					
Total Expenditure	1,024.354	1,033.356	(9.002)	(0.87%)	1,024.354	2.086	5.060	1,031.500
General Revenue Grant	(607.050)	(607.050)	0.000	0.00%	(607.050)			(607.050)
Non-Domestic Rates	(172.122)	(172.123)	0.001	(0.00%)	(172.122)			(172.122)
Council Tax Income	(189.591)	(191.559)	1.968	(1.03%)	(189.591)			(189.591)
Other Inc & Exp							(61.052)	(61.052)
Transfer of Balances	(62.624)	(62.624)	0.000					
Movement in Balances	(7.033)	0.000	(7.033)		55.591	2.086	(55.992)	1.685
Reserve Transfers							55.717	55.717
- Unusable Reserves								
- Usable Reserves	65.805				3.181	(0.021)	0.275	3.435
(Increase) / Decrease in Reserves	58.772				58.772	2.065	0.000	60.837

Note – The Transfers column represents adjustments between accounting basis and funding basis under regulations (detailed further in the Expenditure & Funding Analysis Statement on page 33).

General Fund Revenue

2023-24 proved to be another exceptional year in local government with the Council facing significant cost pressures in terms of inflation on both pay and non-pay costs. The Council approved the General Fund Revenue budget for 2023-24 on 23rd February 2023. Financial monitoring reports were provided to the Cabinet Committee throughout the financial year. The following commentary provides some context to the final outturn position at the end of the financial year.

2023-24 Provisional Outturn

There is an overspend of £6.211m against budget within Service Expenditure, an underspend of £1.934m on Loan charges and an underspend on corporate budgets of £11.310m. Combined, this generates an overall underspend in the General Fund of £7.033m against budget (0.68% of Budget).

The significant contributory factors to be considered in the context of the provisional level of underspend include:

Pay Award

In anticipation of a higher pay award than in previous years, the Council also made increased budgetary provision for pay. The level of negotiated pay award for 2023-24 did end up higher than in recent years, however it was partially funded by the Scottish Government. When the increased budget was combined with the grant funding provided the overall provision was greater than the increased costs, resulting in a one-off favourable variance .

Other pressures – Economic Conditions

The current economic conditions are concerning in terms of the legacy repercussions of high inflation for the Council. These inflationary pressures mean the Council is already experiencing increased costs, most notably, energy costs along with others such as fuel and other commodities. Whilst the headline level of inflation has recently eased, there are ongoing repercussions from the period when inflation was high, meaning continued pressure in some areas.

Turning to specific commentary in relation to directorates:

Education reported an overall overspend of £1.843m.

The contributing factors included Devolved School Management (DSM) with an underspend of £1.472m as a result of vacant teachers posts of £2.123m offset by overspends on premises costs and supplies and services. Pupil Equity Funding (PEF) is ring-fenced funding and the underspend of £2.663m has been utilised as part of the Scottish Government funding package for pay.

Non-DSM reported an overspend of £3.315m. Long Term absence and maternity cover continued to overspend by £4.241m. Special Education also overspent by £1.454m due to increased costs of transport and secure child placements, offset by some additional funding for staffing. Overspends were also experienced due to increased property costs, energy and supplies and services. These were partially offset by a general Education underspend of £4.396m due to the lead in times for staffing changes (£1.975m), a budget adjustment to reflect reduced school roll (£0.835m) and underspend on additional teachers, support staff and adjustments to school's budgets of (£2.788m)

Health & Social Care reported an overspend of £2.184m. Fife Council had an overspend of £14.717m which includes a minor overspend of £0.064m on Contracts which does not form part of the IJB. The overspend relating to the IJB of £14.653m primarily related to a £10.880m shortfall in income as a result of income not being received from NHS Fife in line with the IJB directions. The remaining overspend is mainly as a result of care placements and packages. Reserves of £12.173m were drawn down leaving an overspend of £2.480m prior to risk share. The overall IJB overspend was £5.578m with Fife Council being responsible for 38% which equated to £2.120m, meaning a transfer of £0.360m is required from NHS per the risk share agreement.

Place reported an overspend of £2.198m. Assets, Transportation and Environment reported an overspend of £2.677m, this was as a result of overspends in Domestic Waste & Street Cleaning (£1.566m) and Grounds maintenance (£0.630m). Both business units are experiencing increased staff costs to cover absences and seasonal work coupled with increased fleet costs on repairs and hires due to the age and condition of the fleet. Sustainability experienced an overspend of £1.194m due to an additional management fee paid to Fife Resource Solutions to deal with rising cost pressures. Catering also experienced an overspend of £0.732m due to reduced level of income and inflationary pressures. These overspends have been partially offset by an underspend in Property Services of £1.233m as the Energy Management Revolving Fund was not fully utilised, and an underspend of £0.532m in Protective Services due to the volume of applications for building warrants generating more income than planned and challenges in filling vacancies.

Communities reported an overspend against budget of £2.525m, which relates to several smaller contributing factors. These factors principally relate to under recovery of income across several facilities, unachieved savings and overspends in premises costs. These overspends are partially offset by an underspend on Customer and Online Services due to additional income being received.

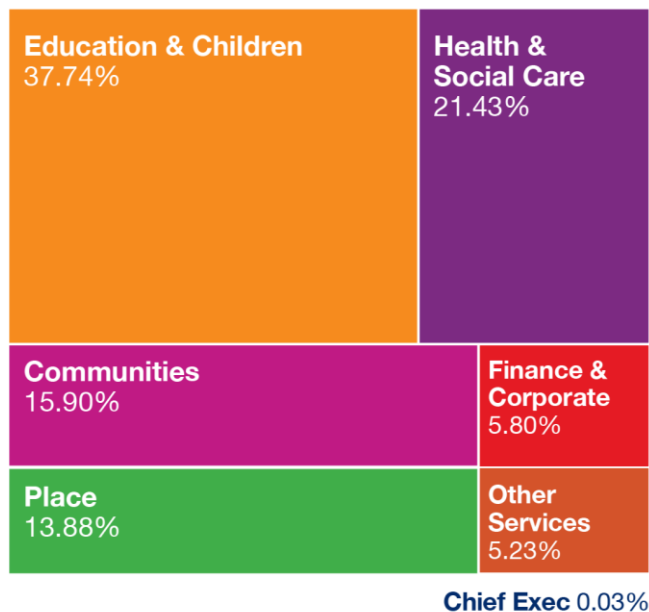
Children and Families reported an overspend of £0.575m. There are several areas of overspend including Purchased Placements (£4.062m) and Kinship care (£1.593m). These are offset by areas of underspend on Whole Family Wellbeing, In-house foster care and staffing vacancies (£6.005m).

Finance & Corporate Services reported an underspend of £2.519m. The underspend relates to increased levels of staff turnover and non-filling of vacancies across all Services in the Directorate as well as increased income from other funds. There is also an underspend on Empty Property Relief due to the level of funding received. These underspends are partially offset by overspends in Business Technology Solutions in respect of contract costs.

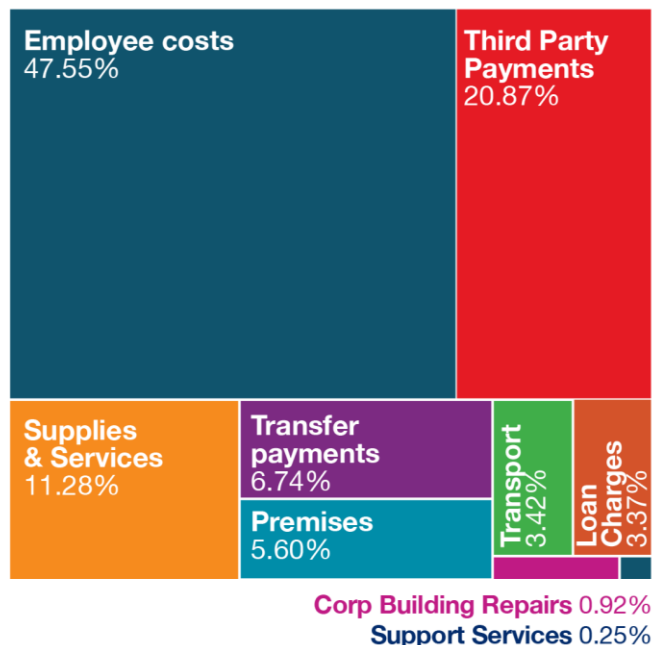
Corporate Budgets reported a total underspend of £15.213m of which includes additional funding and budgetary provision for pay awards which is a one-off for 2023-24, there was an underspend on Loan Charges as a result of less borrowing than anticipated which resulted in reduced principal repayments.

Net revenue expenditure for 2023-24 was £1,024.354m (Net Service expenditure £970.913m and Loan Charges £53.441m) and is categorised by Directorate below. Gross expenditure by Type is also shown below:

Expenditure by Directorate



Expenditure by Type



Reserves

The General Fund balance decreased during the year from £216.054m to £157.282m. This net movement of £58.772m was a combination of a contribution to balances of £7.033m plus transfers to other statutory reserves of £3.181m less £62.624m of budgets transferred from balances brought forward and used by Services in year, as shown on Note 6 page 42.

During 2023-24 budgets of £62.624m were transferred from balances and used to augment service budgets. These mainly included honouring commitments in respect of funding financial impacts related to COVID-19 (£15.217m), Capital Investment Plan (£18.344m), contribution from balances for items approved during the budget process (£10.100m) specific Scottish Government funding (£8.664m) and Devolved School Management (£3.666m) and secondary school rolls (£4.670m).

The General Fund balance as at 31st March 2024 was £157.282m. Of this, a total of £108.577m is earmarked and includes significant amounts which underpin the investment in the capital plan, principally Service Concessions totalling £32.537m, CFCR contributions £17.243m and Capital Plan Review funding £17.000m. There are also additional earmarked amounts of £18.930m, and Scottish Government specific funding of £5.750m. In addition, there are commitments totalling £35.077m and include £13.330m for changing demographics, £9.906m for Change Programmes and £3.900m investment agreed in the 2024-25 Revenue Budget. Further information on all earmarked balances and commitments is provided on Page 42.

With all existing commitments taken into consideration the level of uncommitted balances beyond 2025-26 is forecast to be £13.628m or 1.32%. The Council's policy is to retain a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile. The level of reserves is kept under review, particularly when moving below 2%, and consideration will be given as to whether corrective action might be needed.

Housing Revenue Account

There is a statutory requirement for Local Authorities to maintain a Housing Revenue Account (HRA) separate from the General Fund. The HRA must break even in its own right. All expenditure incurred, and income received in the provision of rented accommodation must be included in the HRA. The bulk of income to the HRA is derived from rents from tenants, and this must be sufficient to cover the expenditure on the HRA.

The financial position for HRA for the year was a deficit of £2.065m due to financial pressures faced in year. The HRA experienced similar inflationary pressures as the General Fund which significantly increased costs in repairs and maintenance, energy and insurance. As a result of increased costs, the level of CFCR (capital from current revenue) was reduced. If this situation continues over the coming years, this will have an impact on the affordability of the HRA capital programme. A planned withdrawal from balances was made in year of £2.065m and the HRA Fund balances therefore decreased from £7.380m to £5.315m. After taking into account current commitments totalling £2.722m the level of uncommitted HRA Fund balances is £2.593m. Details of the financial position for 2023-24 are included within these financial statements.

Capital Expenditure

The gross Capital Expenditure for 2023-24 was £242.073m, a variance of £89.099m (26.90%) against budget. Comparable expenditure for the previous 3 years was £189.362m (2022-23), £163.805m (2021-22) and £138.473m (2020-21). Expenditure variances exist across all Themes within the Capital Programme, the nature of capital expenditure being large, complex projects involving a number of stakeholders and dependencies can lead to differences in the profile of expenditure within any particular year. However, the budget is not restricted to an annual profile in the same way as the revenue budget.

Full detail of material capital expenditure variances was regularly reported to the Cabinet Committee and the relevant sub-committees. The major elements of expenditure are analysed as follows:

Project Spend	£m
Maintaining our assets – rolling programmes	47.909
Secondary schools – West Fife	62.838
Affordable Housing Programme	44.703
Scottish Housing Quality Standards	29.779

Assets and Liabilities

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2024 and explanatory notes are provided. Net assets have increased by £239.445m to £2,932.160m as detailed in the following table;

	2023-24 £m	2022-23 £m	Movement £m
Long Term Assets	4,041.994	3,832.586	209.408
Current Assets	198.069	181.973	16.096
Current Liabilities	(292.605)	(249.903)	(42.702)
Long Term Liabilities	(1,064.516)	(969.473)	(95.043)
Defined Benefit Pension Asset/Liabilities	49.218	(102.468)	151.686
Net Assets/(Liabilities)	2,932.160	2,692.715	239.445
Usable Reserves			
-General Fund	(157.282)	(216.054)	58.772
-Housing Revenue Account (HRA)	(5.315)	(7.380)	2.065
-Capital Grants & Receipts Unapplied	(1.134)	(0.859)	(0.275)
-Insurance Fund	(17.583)	(14.423)	(3.160)
Unusable Reserves			
-Defined Benefit Pension Reserve	(49.218)	102.468	(151.686)
-Other Unusable Reserves	(2,701.628)	(2,556.467)	(145.161)
Total Reserves	(2,932.160)	(2,692.715)	(239.445)

The Council has recognised a defined pension asset which is measured using an approach that is common across all entities by applying international accounting standards (IAS19), this involves the fund actuary updating the technical assumptions applied at the time of the triennial valuation to calculate the impact on future assets and liabilities and provide a point in time comparison across organisations.

The actuary has calculated that the Council has a Defined Benefit Pension Asset of £452.690m (2022-23, £538.461m). Accounting Standards however do make provision for employers who are part of the LGPS scheme to apply an asset ceiling and effectively “cap” the amount of asset recorded on the balance sheet. Following additional calculations it was determined that the application of the asset ceiling for Fife Council reduces the Defined Benefit Pension Asset to £49,218m, and this is the value which has been recognised in the Council’s Balance Sheet.

Other Long-Term assets reflects the levels of capital expenditure in 2023-24 as well as the revaluation of non-current assets actioned in 2023-24 offset by other capital accounting entries such as depreciation. Revaluations are carried out on a quinquennial basis. The corresponding entries are recorded in Other Unusable Reserves and represents the increase from last year.

Accounting for Leases will be subject to a new accounting standard, known as IFRS16 from 01 April 2024, which will be reflected in future financial statements.

Treasury Management Activity

In July 2016, the Scottish Government issued Regulations which set out new statutory arrangements for local authority borrowing and lending. The Regulations state that any repayment of Loans Fund advances should be reasonably commensurate with the period and pattern of the benefits provided to the community from the capital expenditure. Councils were given scope to determine what is prudent for their organisations including consideration of reprofiling of previous years’ advances.

The Council’s loan fund policy is in line with the regulations in that:

- For the Housing Revenue Account, it is not considered prudent for the Council to reprofile previous years’ advances which will continue to apply the existing annuity method. All future advances will be repaid using the Asset Life method, by which the loans fund advance is repaid in line with the expected life of the asset to which the capital expenditure relates to.
- For General Fund it is considered prudent to use the Asset Life method for both future years Loans Fund advances, and to reprofile previous years’ advances. The Council has also opted to make use of the Funding/Income Profile method by which loans fund advances will be repaid by reference to an associated income stream where it is considered appropriate to do so.

The Capital Plans for both the HRA and General Fund are tested for affordability to ensure that any borrowing remains affordable, sustainable and prudent. Prudential Indicators are produced and approved by Fife Council as part of the revenue budget process.

The Council has a treasury management strategy which ensures that all decisions taken on treasury management give primary importance to minimising and managing potential risk. Detailed reports in relation to Capital investment and the Treasury Management strategy are considered by the Council’s Cabinet Committee and can be found at [Treasury Management Strategy](#)

Going Concern

The future financing of the Council and its Group’s liabilities will be met by future grants and the application of future income. The approval of core income for 2024-25 has already been given and there is no reason to believe that future approvals will not be forthcoming. As the Council moves into 2024-25, the budget gap was closed without the need for any significant service reduction and a significant scale of balances are held in order to manage some commitments and also to manage the short-term uncertainties. However, there is an element of increased financial risk emerging. Current economic conditions are likely to have a continued impact on the financial position of the Council and its Group, both in terms of increased additional costs and loss of income. In addition, Services are overspending and the Health & Social Care Partnership has relied on the risk share arrangement which has impacted on the Council for the first time in a few years. In addition, the level of uncommitted reserves is forecast to drop below the policy minimum over the next three years. It is recognised that strong financial management will be required across the organisation in order to ensure financial sustainability in the longer term.

These risks can be contained in the short term, however the medium-term position is less certain and will likely be challenging, but the Council’s approach to change planning is looking at wide ranging future change to enable the Council to deal with those future challenges. Continued financial evaluation of the Council and its subsidiaries is ongoing and a medium-term financial strategy is in place and is continually reviewed to ensure it remains fit for purpose. All options and all funding streams continue to be identified to ensure the continued financial sustainability of the organisation. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain “financial ratios” are included in the Management Commentary to assist the reader to assess the performance of the Council over the financial year and the affordability of its ongoing commitments.

Financial Indicator	2023-24	2022-23	Commentary
Reserves			
Uncommitted General Fund reserve as a proportion of Annual Budgeted Net Expenditure	1.32%	3.74%	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's policy is a minimum of 2% of annual turnover over a three-year period which is considered appropriate in the context of the Council's financial and ongoing risk profile. The level of reserves continues to be kept under review, particularly when forecast to fall below 2%.
Increase/(decrease) in the Uncommitted General Fund Balance	(£23.379m)	£5.250m	Reflects the extent to which the Council is using Uncommitted General Fund Reserves. Increased commitments in 2023-24 have been formally approved and as a result, the level of uncommitted balances has reduced.
Council Tax			
In-year Collection Rate	95.19%	95.82%	Reflects the Council's effectiveness in collection of Council Tax debt. Whilst the level is generally consistent with the last 3 financial years, the small fluctuations can be material.
Ratio of Council Tax Income to Overall Level of Funding	18.35%	18.11%	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within the Local Authority Control. Fife Council increased Council Tax by 5% for 2023-24.
Financial Management			
Actual Outturn Compared to Budgeted Expenditure	(0.68%)	(7.33%)	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. The outturn for 2023-24 is closer to the budget meaning that resources are being used more in line with the overall planned budget.
Actual Contribution to/(from) Unallocated General Fund Balance compared to Budget	£7.033m	£72.460m	
Debt/Long-term Borrowing			
Capital Financing Requirement (CFR) for the Current Year	£1,268.513m	£1,200.052m	External debt levels remain lower than the CFR which reflects the borrowing requirements. However, external debt levels are rising with record levels of investment, but this is being closely managed with financial sustainability in mind. External debt levels are kept under review.
External Debt Levels for the Current Year	£1,173.130m	£995.595m	
Ratio of Financing Costs to Net Revenue Stream			These two ratios complement the assurances of borrowing only being for capital purposes with an indication of the scale of financing costs compared with the level of funding available to the Council. The General Fund figure in 2022-23 is lower as this reflects the gain from application of revised accounting guidance for Service Concessions.
General Fund	5.14%	1.27%	
HRA	24.14%	23.77%	

Fife Council Group Accounts

Local Authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council and its other entities. The Group comprises of the following:

Subsidiary bodies

- Fife Sports and Leisure Trust
- Fife Coast and Countryside Trust
- Fife Cultural Trust
- Fife Golf Trust
- Fife Resource Solutions LLP
- CIRECO (Scotland) Ltd
- Business Gateway Fife

Other Subsidiaries

- Common Good Funds
- Charities & Trusts

Joint Venture

- Fife Integration Joint Board

The Fife Integration Joint Board and all Subsidiaries of Fife Council have an accounting period to 31 March and for the purposes of consolidation and disclosure their Accounts to 31 March 2024 have been used.

The table below shows the Operating Surplus or Deficit in the 2023-24 financial year and the net asset position at 31st March 2024 for the Council's subsidiaries and the Council's share of the Integration Joint Board. The figures below include any impact arising from changes in Defined Pension Assets and Liabilities.

Subsidiary	Operating (Surplus) / Deficit to 31 March 2024 £m	Net Assets / (Liabilities) at 31 March 2024 £m
Fife Sports and Leisure Trust	(0.230)	0.634
Fife Coast and Countryside Trust	(0.194)	1.454
Fife Cultural Trust	(0.579)	3.142
Fife Golf Trust	(0.293)	0.735
Fife Resource Solutions	0.036	2.945
CIRECO (Scotland) Ltd	0.000	0.000
Business Gateway Fife	(0.068)	0.551
Common Good Fund	0.015	212.838
Charities & Trusts	(0.014)	4.569
Fife Integration Joint Board	16.495	2.365
Total	15.168	229.233

The Common Good Assets above include assets which are owned by the Common Good but used and actively managed by Fife Council.

Our Plans for the Future: Principal Risks and Uncertainties

Over the last few years the Council has significantly underspent on its general fund revenue budget and 2023-24 sees a further underspend position of around £7.033m. Whilst this looks favourable, it is mainly due to the budget for pay costs being set higher than was needed. In addition, general fund services are overspending and this may present a financial challenge in 2024-25 and beyond. The Budget Strategy adopted for 2024-25 used the overprovision for pay, building it onto the planning assumptions for the budget gap going forward. As finances are becoming tighter, going forward the Council will have to take hard decisions in order to balance the budget.

The level of funding that the Council will receive from the Scottish Government for its core activities is likely to reduce given the commitments that are in place and the financial challenge that exists nationally. The legacy of higher inflation continues to exacerbate the challenge as any increase in costs will need to be managed internally within the Council with the scope to also increase council tax, fees and charges. The Council is actively developing change plans to address the financial challenge. The medium-term financial strategy and the budget assumptions used in February 2024 will be updated based on all known intelligence and an updated budget gap will be reported to Cabinet Committee in September 2024. This will no doubt influence the level of future change being planned.

There is an opportunity to bring forward change proposals that can be delivered in a staged way to address the financial challenge. Significant work on change has continued to be advanced through 2023-24 and this will continue with proposals being considered by members in the latter half of 2024. These are likely to be around people, place, digital and productivity and will likely include some policy options.

There is still a level of uncertainty as a consequence of the economic circumstances over the last few years. Inflationary pressures, increasing demand for services and the constraint of funding from the Scottish Government could increase the scale of the financial challenge the Council has to deal with. In addition to this, pressures are beginning to emerge from previous budget realignment used to balance the budget and service overspends starting to emerge. Whilst the Council has strong financial management with a Medium-Term Financial Strategy and a financial Risk Register in place to support future budget decisions, the largest financial risk is likely to be the financial position of the IJB where strong financial management will be essential.

Consideration is also being given to other pressures the Council is facing, for example, equal pay claims, achieving savings, and strategic growth. The core budget is where the main concern and risk exists going forward. The level of reserves that the Council holds provides a means to address financial pressures on a one-off basis but there is a danger of over reliance being placed on using these for recurring expenditure, so exit strategies will need to be clear at the time of any commitments.

As we move forward Directorates will need to consider all options to reconfigure services and potentially use alternative operating models to provide services in a different, more cost-effective way to ensure best value to the Council. This will be integrated to the strategic change work that is being undertaken around people and place and digital.

4. Acknowledgements

Thanks to all elected members and officers of the Council for their active support and co-operation in the effective management of the Council's finances during what has been another considerably challenging year.

The production of these statements is very much a team effort and once again the accounts were completed by the statutory deadline. We would like to thank all employees who were involved in the preparation of the accounts, both within Finance & Corporate Services and other Directorates, for their effort in achieving this deadline.

Councillor David Ross
Leader of Council

Ken Gourlay
Chief Executive

Eileen Rowand MBA CPFA
Executive Director Finance
and Corporate Services

1.0 Fife Council's scope of responsibility and approach to maintaining effectiveness of governance arrangements.

Scope of Responsibility

- 1.1 Fife Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. Fife Council also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Fife Council's affairs and facilitating the effective exercise of its functions which includes the management of risk.
- 1.2 In discharging this overall responsibility, Fife Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives and Senior Managers) Framework CIPFA Delivering Good Governance - Guidance for Scottish Councils 2016.
- 1.3 The current Code of Corporate Governance was prepared based on the guidance developed by CIPFA SOLACE entitled CIPFA-Delivering Good Governance Framework-2016 however, the code has been revised and updated this year and was presented to the Standards, Audit and Risk Committee in June 2024. A copy of the revised Code, once approved, will be available at: [Governance Documentation](#).

The Code summarises how Fife Council's governance arrangements address the requirements of the Framework. In addition, Fife Council is responsible for confirming effective corporate governance arrangements exist within its other group entities, in line with Accounts Commission guidance, including:

- [Safeguarding Public Money are you getting it right? 2019](#)
- [Following the Public Pound Code of Guidance](#)
- [Arm's Length External Organisations \(ALEO's\) are you getting it right? June 2011](#)

Part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

Fife Council's Group Accounts

Fife Council operates several ALEOs.



Business Gateway Fife (BGF) is a publicly funded service contributing to the economic well-being of Fife by providing access to free business advice & support services. Fife Council is the sole member of the company, which is overseen by a board formed of Council and independent directors. Business Gateway Fife works with Fife Council's Economic Development team and agencies including COSLA, Scottish Enterprise and SDI in the delivery of services and grant giving to eligible business. Regular performance monitoring and liaison is carried out through the Economic Development team with Annual Reports for BGF being presented to the Finance, Economy and Corporate Services Scrutiny Committee.

Fife Sports and Leisure Trust (FSLT) started trading on 1 April 2008. The Office of the Scottish Charity Regulator (OSCR) granted charitable status on 28 March 2008 and Fife Council is the sole member of the Company.

Fife Coast & Countryside Trust (FCCT) registered as a Company Limited by Guarantee with charitable status in March 2001. Fife Council is the sole member of the company. The trust was initially responsible for the marketing and promotion of the Fife Coastal Path (FCP). However, in June 2009, after a successful two-year pilot, it also took on responsibility for the Countryside Rangers and maintenance of both the Lomond Hills Regional Park (East) and FCP.

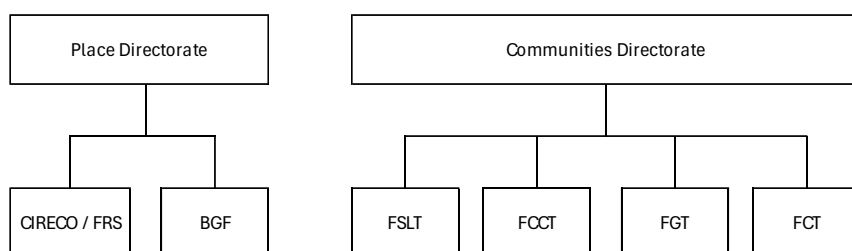
Fife Golf Trust (FGT) started trading on 1 April 2011. OSCR granted charitable status on 30 March 2011 and Fife Council is the sole member of the company.

Fife Cultural Trust (FCT) also known as On Fife started trading on 1 October 2012. OSCR granted charitable status on 27 September 2012 and Fife Council is the sole member of the Company.

Each ALEO is overseen by a Board of Directors. Regular performance monitoring and liaison is carried out with these four ALEOs by the Communities and Neighbourhoods Service with Annual Reports being presented to People and Communities Scrutiny Committee.

In addition, Fife Council's waste services are provided by Fife Resource Solutions (FRS) and Cireco provides commercial waste services. These are limited liability partnerships which were formed in 2014. The Council appointed three elected members and two officers to sit on the Board of FRS and Cireco in addition to three non-executive directors.

The two directorates responsible for managing and maintaining oversight of the Council's ALEOs are the Place Directorate (for BGF and Cireco) and the Communities Directorate for the others.



Finally, Fife Council participates in Fife's Health and Social Care Partnership (HSCP) with NHS Fife. The HSCP is overseen by an Integration Joint Board (IJB) to which the Council nominate eight elected members. The IJB meets regularly in a remote meeting format attended by the Director of the HSCP and other professional advisers including a Standards Officer. This arrangement is governed by the Integration Scheme which was revised and approved in March 2022.

Maintaining effectiveness of governance arrangements

- 1.4 Fife Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice.
- 1.5 A lead officer (Executive Director, Finance and Corporate Services) has been appointed to:
 - oversee the implementation and monitor the operation of the Code of Corporate Governance and
 - review the operation of the Code in practice.
- 1.6 In addition, the lead officer, chairs the Corporate Governance Group which has responsibility to input to and review the Annual Governance assurance assessments and this Statement before it is presented to and approved by the Standards, Audit and Risk Committee. The statement is subject to external audit to consider whether the Corporate Governance Statement is prepared in accordance with the Delivering Good Governance in Local Government Framework and the CIPFA Accounting Code of Practice.
- 1.7 However, it should be noted that a sound system of Corporate Governance, risk management and internal control provides only reasonable, but not absolute, assurance that the Council will not be hindered in achieving its objectives or in the orderly and legitimate conduct of its business. A system of Corporate Governance, risk management and internal control cannot provide protection with certainty against material errors, losses, fraud, or breaches of laws or regulations, however it can greatly mitigate the risk(s).

2.0 Fife Council's Governance Framework

- 2.1 The governance framework comprises the structure, systems and processes, and culture and values by which the Council is directed and controlled and the activities through which it accounts to and engages with the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 2.2 Key elements of good corporate governance include honesty; trust and integrity; openness; performance focus; responsibility and accountability; management of risk; mutual respect; and commitment to the organisation. To that end, the system of corporate governance, risk management and internal control in Fife Council is based on a framework that includes:

Governance

- Codes of Conduct for councillors and employees
- Member/Officer Protocol and associated guidance notes
- Training and development arrangements for councillors and employees
- Standing Orders (2023), List of Committee Powers (2024) and List of Officer Powers (2024)
- Statutory Officers
- A Standards, Audit and Risk Committee, and Scrutiny Committees held in public / live streamed
- Corporate Governance Group

Planning

- Plan for Fife 2017-2027
- Local Community Plans
- Service Change Planning
- Council Executive Team, Directorate Leadership Teams, Council Leadership Team
- Digital Strategy
- HR Plans and Policies including Our People Matter and Organisational Development Framework
- Procurement Strategy
- As appropriate, formal programme and project management disciplines

Performance

- Performance management framework - including Public Performance Reporting requirements from Best Value
- Regular planning and performance reports – for management and committee scrutiny activity
- Setting and monitoring targets for financial and other performance aspects

Financial Governance

- Financial Regulations (2024)
- Medium Term Financial Strategy
- Comprehensive financial management systems
- Periodic and annual committee reports which indicate forecast financial performance against budget, covering both Capital and Revenue expenditure
- Clearly defined capital and revenue expenditure guidelines
- Investment Strategy Group which focusses on Capital Strategy monitoring, developing 10-year investment plans and monitoring high-level capital delivery performance

Risk Management

- Risk Management Policy and Strategy v4.0 (reviewed May 2024), including risk appetite
- New Strategic Risk Register and Service-level Risk Registers
- Risk Management Strategy Group, chaired by the Executive Director, Finance and Corporate Services as Senior Responsible Officer for risk.
- Risk Management Improvement Plan

- 2.3 Audit and Risk Management Services provides the internal audit function for Fife Council and operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which apply to Local Government. Conformance with the PSIAS has been confirmed independently, through the completion in 2023 of a formal External Quality Assurance process. The Service undertakes a risk-based annual programme of audit work approved by the Standards, Audit and Risk Committee. The Service Manager, Audit and Risk Management Services provides an annual report to the Members of Fife Council, Chief Executive and Executive Director of Finance and Corporate Services, including the internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. The overall audit opinion for the year to 31 March 2024 is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

- 2.4 All internal audit reports are issued to the:

- Standards, Audit and Risk Committee and, from 2023/24, convenors of the Council's Scrutiny Committees
- Chief Executive, Executive Director of Finance and Corporate Services, appropriate Executive Director and the wider Council Executive Team

- Head of Finance and other relevant Head(s) of Service
- Head of Legal & Democratic Services and Service Manager - Change & Improvement
- External Auditor, Azets.

Where necessary, the Standards, Audit and Risk Committee can seek further reports from the appropriate Executive Director or Head of Service.

2.5 During 2023/24, a number of improvements were made by management to address the critical recommendation contained within the Safeguarding internal audit report which related to Scottish Social Services Council (SSSC) registration [SARC papers](#) (pages 34 & 35 refer). A formal follow-up of the report was also carried out by Internal Audit this year and independent assurances were obtained that the recommendation had been fully implemented. In addition to the improvements made, a small number of limited assurance internal audit reports have been issued since the last Governance Statement, including:

- the Community Equipment Service - Fife Equipment Loan Store, which contains one critical recommendation surrounding the servicing of community equipment [SARC papers](#) (pages 12 & 13 refer)
- Lone Working [SARC papers](#) (pages 8 & 9 refer)
- School Transport - Additional Support Needs [SARC papers](#) (pages 10 & 11 refer)
- Third Sector Funding [SARC papers](#) (pages 10 - 12 refer)

Management has agreed to fully implement all of the recommendations within these audit reports and will monitor progress made towards this. The Council's 2024/25 Internal Audit Plan also contains formal follow-up reviews of the Community Equipment Service - Fife Equipment Loan Store and Lone Working reports, which should provide independent assurance in due course that the areas requiring improvement, and corresponding risks, have been adequately addressed.

2.6 The Council is determined to protect itself and the public from fraud and corruption and have developed its existing counter fraud and anti-corruption arrangements in consideration of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Council is committed to the rigorous maintenance of a strategy, and supporting policies and procedures, for the prevention and detection of fraud and corruption, including participation in the National Fraud Initiative, a biennial data matching exercise co-ordinated at a national level by the Cabinet Office, which provides a framework for:

- encouraging fraud deterrence and prevention
- raising awareness of fraud and corruption and promoting their detection
- performing investigations and facilitating recovery
- invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
- monitoring, publicising, and updating the policy and its related procedures and performance
- appropriate action consistent with the Serious Organised Crime Taskforce objectives.

2.7 Fraud governance arrangements were enhanced during 2023/24 (see update on previously agreed actions at section 4.1 below) with the launch of a new mandatory Corporate Fraud e-learning package and new Whistleblowing Policy and supporting working practices and procedures, including new referral routes.

3.0 Review of Effectiveness

3.1 Fife Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including risk management and the system of internal control. This review of effectiveness is informed by:

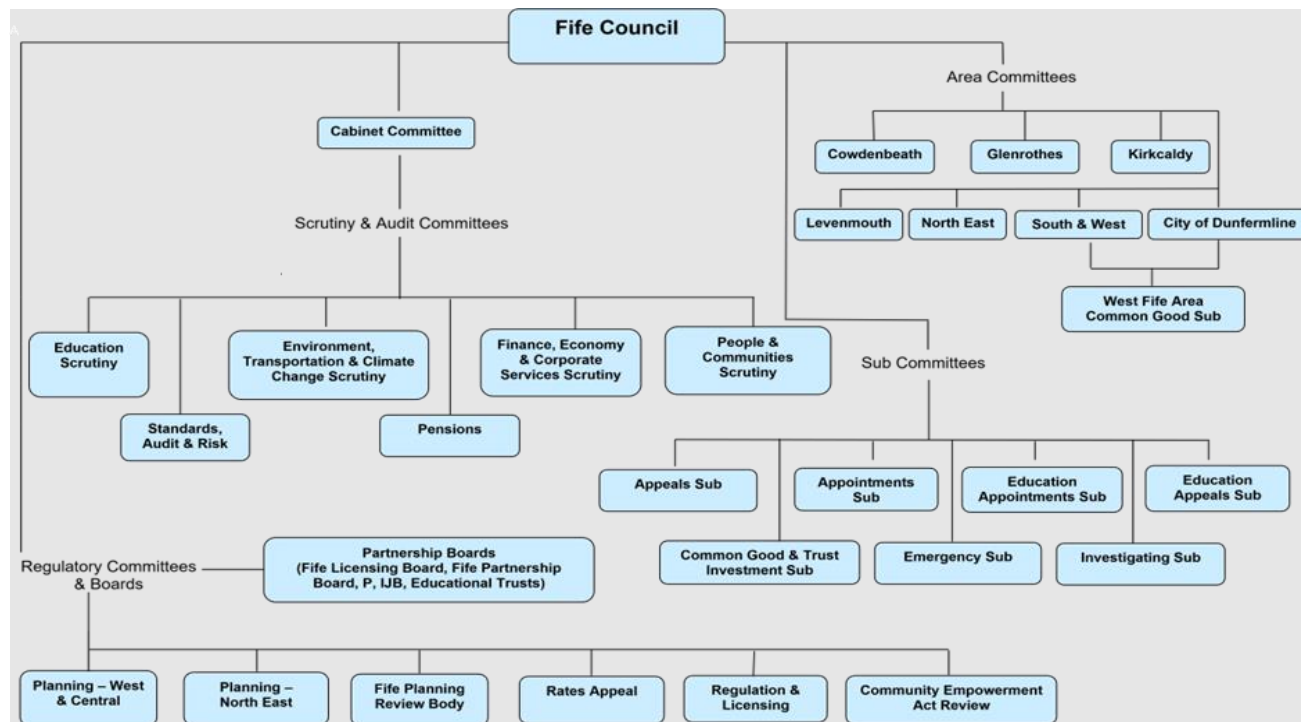
- the work of the executive directors and managers within the authority who have responsibility for the development and maintenance of the governance environment which they report on through their annual assurance statements.
- the Trust Assurance Framework has been enhanced and is now the same as the Councils
- the Service Manager, Audit & Risk Management Services' Annual Internal Audit Report and Opinion. In this regard, the most recent Opinion concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2024. This is the same Annual Opinion as provided in the 2022/23 Annual Audit Report.
- comments made by the external auditors and other review agencies and external scrutiny bodies.
- feedback from elected members and committees carrying out their scrutiny role.
- issues considered by the Standards, Audit and Risk Committee.
- the review of various forms of customer and stakeholder feedback.

3.2 The current approach to the Council's Local Code of Corporate Governance was agreed by the Standards and Audit Committee in 2019. A key factor in developing the process was to encourage a more rounded, qualitative approach. An officer working group was established within 2021 to review corporate governance arrangements

on an ongoing basis. This group has representation from all directorates and considers ongoing and new improvement actions that are required to enhance governance arrangements. The approach has been further enhanced during 2023/24, with the introduction of a new Local Code of Corporate Governance Checklist comprising 91 statements directly linked to the CIPFA Delivering Good Governance Framework and related Scottish Guidance. In the Council, checklists are considered / completed by Executive Directors in conjunction with their Directorate Leadership Teams. This new approach has also been rolled out to Council ALEOs, each of which completed and returned their checklists as part of the 2023-24 year end process. The approach is intended to consider the views of Directorates along with a more corporate assessment of the way in which the Council's governance arrangements are operating. The corporate assessment approach was recently enhanced using the officer working group to gain a wider perspective. Completion of the Checklists by each directorate and the ALEOs provides a comprehensive source of assurance, helping to identify areas of good practice that can be shared, as well as areas requiring improvement (at a directorate and corporate level). This process has also been used to inform the revised and updated Code of Corporate Governance. The corporate governance improvement themes captured as part of this process have been included in this statement.

Significant governance developments in 2023-24

3.3 The Council is made up of 75 elected members across 22 wards with the Scottish Labour Party forming a minority administration. Cllr David Ross is the Leader of the Council. Six strategic spokespeople cover broad portfolios of Council services, linking with Executive Directors. The Council's structure of governance is based on a Cabinet Committee and four Council service area themed scrutiny committees. The Cabinet Committee plays a key role in governance and decision making. The function of the Cabinet Committee is to set the strategic and policy direction of the Council and take all major policy and resource decisions on its behalf. The Council also constituted a Standards, Audit and Risk Committee (SARC) which has the delegated authority to support the Council in its responsibilities for risk management, governance, and control. The SARC seeks assurance that an effective system of risk management and internal control is maintained. The SARC also has a role in the application of standards matters across the Council, and the Council's performance in complaints and freedom of information. The Council approved a revised List of Committee Powers in 2024. This document clarified elements of the role and remits of Committees and their membership but did not make substantive changes to the structure. The current Committee structure is as follows:



3.4 The Council has continued to focus on four priority themes as set out in the Plan for Fife which was updated in September 2021. The priority themes are Opportunities for All; Thriving Places; Community-Led Services; and Inclusive Growth and Jobs. These have been translated into thirteen "ambitions", with addressing the climate emergency added. Four Strategic boards continue to oversee the progress against the ambitions Leading Economic Recovery, Tackling Poverty and Preventing Crisis, Addressing Climate Emergency and Community Wealth Building and to focus on prevention and early intervention and on reducing inequality. Each of the community planning partners in Fife has committed to these and will be responsible for planning, scrutinising, and reporting on performance and delivery to the partnership, the public and other key stakeholders. Local priorities and accountability are an essential part of this process, and local community plans and neighbourhood plans will be developed to improve outcomes for those with the greatest needs.

- 3.5 Following three-year review work in 2023/24, the recovery and renewal priorities remain the focus for action during 2024-27, with particular attention on the strategic change and reform required to support the design and development of future services and the changes required to respond to Fife priorities, national shifts, and social and financial pressures. Fife's public services need to be fit for the future, sustainable and delivered with communities if inequalities are to be addressed and life chances boosted for all. A three-year programme of public service collaboration and reform, together with further Leadership Summit engagements with partners, will prepare the ground for the next 10-year plan for Fife in 2027. The Council is progressing organisational change and reform to support the whole system change and the Plan for Fife points through four strategic change priorities; 'no wrong door' for people & family support services, building community wealth, health & well-being and working for place. In addition the Council continues to consider its approach to digital opportunities and the need to continue to make progress on efficiencies.
- 3.6 Appropriate monitoring and reporting will help the Council to track progress towards the delivery of desired outcomes and assist strategic committees, area committees and the Fife Partnership in scrutinising performance. Service performance reporting continued during 2023-24 financial year. Going forward, these reports will contain high level indicators relating to the work of the themed committees.
- 3.7 The Council also has in place the components for the effective management of its resources. These include a Medium-Term Financial Strategy, a Capital Strategy, a Procurement Strategy, a Risk Management Strategy, a Workforce Strategy which sets out the vision for the workforce for the period 2022-25 (Our People Matter), and a refreshed approach to workforce planning, which is designed to be more agile and responsive and will relate to and assist the current service planning approach (Our People Plan). There are also a range of HR Policies. The Council's approach to Digital Services is being developed and delivery of this work is monitored through the Council's Digital Portfolio Board and there is further oversight via the Reform and Recovery Board. In addition, Services have maintained and updated Directorate Business Continuity Plans, and these inform the ICT Systems Recovery Plans which are documented and subject to regular testing and updating.
- 3.8 The Council's financial management processes were challenged during the year as economic conditions meant the organisation was dealing with the lingering impacts of high inflation, recruitment challenges and impact on demand for Council Services. Continued emphasis on financial planning throughout the year was highlighted in several reports considered by the Cabinet Committee, this took account of the continued financial consequences of the pandemic as well as additional economic impacts. It is clear that the Council finances will be more challenged going forward as Service overspends have begun to emerge and some of the corporate mitigations applied over the last few years will no longer be available. Strong financial management will be required in order to control and contain costs where possible. In particular, the Health & Social Care Partnership has drawn down considerable reserves to mitigate areas of pressure (£12.173m) in 2023/24 and the resulting overspend of £5.578m meant the risk share arrangement was applied for the first time in a number of years with the Council being required to provide additional funding (£2.120m). The risk in the coming year is compounded due to the significant level of savings to be delivered by the Partnership.
- 3.9 The Council continues to replace a number of legacy systems and during the year, the social work/social care case system transferred from SWIFT to Liquidlogic. The system which is required to provide an accurate record management system for service users across social work children and families, adults, older people and criminal justice. The system also has a payment recording system called controcc which links to Fife Council's Oracle system. The focus has been on implementation and to deal with issues arising from implementation, and this has meant that the data in the system is not yet reliable for financial forecasting. The coming year will see more focus on ensuring that the value of using a more modern system is maximised, and that the integrity of the data is improved to allow improved financial forecasting processes.
- 3.10 During the year a review has been taking place in relation to Programme and Project governance and assurance by officers. Major change projects (over £5m or higher risk projects) have specific governance arrangements already in place and have governance boards established which meet regularly to monitor and track progress and risks. However, the review has identified some areas for improvement and the need to strengthen some aspects to ensure effective management of resources associated with Programmes and Projects. These will take place during the coming year.

Key Statements

- 3.11 We have been advised on the result of the review of the effectiveness of the governance framework by the processes and procedures outlined in Para. 3.1 above and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. We are also clear that the Council's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2016).

4.0 Areas for Improvement and Development in Governance

- 4.1 The table below shows progress on significant governance issues which were identified in the previous annual governance statement during the last year and the second table shows actions planned for the coming year. Oversight of these actions is provided by a governance group, chaired by the Executive Director - Finance & Corporate Services. This group will review and monitor progress on a quarterly basis throughout the year to ensure appropriate actions are taken forward. A detailed action plan, containing all directorate actions, along with responsible officers and implementation dates will assist with the monitoring process.

Update on previously agreed actions:

Review of Governance and Decision Making
Issue: Governance structures and processes need to enable transparent and appropriate decision making.
Responsible Officer: Head of Legal and Democratic Services / Monitoring Officer
Progress made in 2023-24: Revised standing orders were approved in June 2023. The Council also approved revised committee and officer powers in May 2024. The scrutiny protocol is in draft having been developed by an officer working group and in discussion with the chairs of the four strategic scrutiny committees. Financial regulations were also approved in May 2024.
Elected Member Support and Development
Issue: Elected members need to be supported to undertake their role through a continuous programme of development and learning.
Responsible Officer: Head of Legal and Democratic Services
Progress made in 2023-24: The Cross Party Leaders Group (CPLG) considered a paper on member development and agreed to the creation of a new member working group to take this work forward. It will progress now committee and officer powers work has concluded. Members were also surveyed about their experience of training and induction.
Change Programmes
Issue: The Council needs to focus on the pace and scale of change required to meet the challenging financial environment but also to improve service delivery for the people of Fife.
Responsible Officer: Chief Executive / Service Manager - Corporate Development
Progress made in 2023-24: Change work progressed in 2023/24 as planned, with services identifying opportunities to progress over the 3-year period to 2025/26. Three cross cutting workstreams are progressing - No Wrong Door, Place and Digital/Productivity. Updates were taken to June and November 2023 Cabinet Committees on these. Workforce planning continues to be a focus beyond 2023/24 with good progress on progressive recruitment and use of the Our People Matters framework and People Plans.
Performance
Issue: As part of our planning processes, we identify, monitor and report upon an appropriate range of performance information to evaluate progress, performance, and quality of service delivery.
Responsible Officer: Service Manager, Communication and Customer Insight
Progress made in 2023-24: A Council Planning and Performance Improvement Plan was approved in April 2024. This will deliver improvements in the use of research, data and insight; a remodelled approach to Service scrutiny reporting; joined up service planning and change planning processes; self evaluation in relation to Best Value; updated corporate performance monitoring arrangements; wider use of digital solutions and improvements in public performance reporting.
Attendance and Wellbeing
Issue: The attendance and wellbeing of our employees is key to the success of the Council. We have seen increased rates of absence from work so we will focus on attendance and wellbeing at work.
Responsible Officer: Head of Human Resources
Progress made in 2023-24: A revised approach to managing absence was approved by Cabinet 29 June 2023, and is now in the process of implementation. An Attendance Support Unit is in place with a refreshed approach to training and development and early support measures are being delivered.

We also issued a fresh Health, Safety & Wellbeing pulse/survey which was launched in January 2024. Survey data has been collated in a Power Bi dashboards to help inform Services.

Further work has already started to address areas for improvement and tackle issues such as work related stress, physical well-being and health and safety compliance. Since the last survey in 2022, there have been moderate improvements in a range of areas, and we will continue to build on those improvements.

Directorate and Service Stress risk assessments have been promoted by the Stress Overview Group and it has been agreed that all Directorates must have carried out the assessments and developed action plans by September 2024, with action plans to be delivered by 31 March 2025.

ALEOS

Issue: The Council has several ALEOS delivering a range of functions. These have been in operation for several years and the detail of the operating arrangements may no longer reflect how the relationship between the Council and the ALEO has developed over time.

Responsible Officer: Head of Communities and Neighbourhoods and Head of Business and Employability

Progress made in 2023-24: Business Gateway Fife has reviewed its operating systems and structures to enhance performance measures, including work to homogenise grant processes, creating an efficient and agile approach to service delivery. The organisation has reworked its assets to allow for joint working with Scottish Enterprise and has updated the Enterprise Hub in Glenrothes to reflect the needs of business customers. The Board has reviewed key risks and mitigation measures in the last 12 months.

The ALEOs have regular performance sessions on Service Level Agreement delivery. Annual reports have been modified and further changes are being made for coming years to allow more time for scrutiny. Work is underway to consider the operating agreement for FRS/Cireco at the time of writing.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is required during 2023-24.

Responsible Officer: Service Manager – Audit & Risk Management Services

Progress made in 2023-24: Driven by the implementation of the Risk Management Improvement Plan and Risk Management Strategy Group, which met regularly as planned, the Council's corporate risk management arrangements continued to mature during 2023/24. Key improvements include:

- Development of a new Strategic Risk Register, subsequent defining of corresponding risk appetite levels for, and assigning standing governance groups to, each risk.
- Formal horizon scanning, and risk escalation processes established.
- Appointment of a second, full time, dedicated Risk Management Co-ordinator.
- Funding secured via the Workforce Youth Investment Fund to establish and recruit to fill a new Risk Management Trainee post.
- Establishment of an Ideagen Governance Group.
- Progress towards implementing the Roll Out Plan, supporting services to develop, implement and embed effective risk management arrangements locally, including development of service-level risk registers.
- Utilisation of the new, approved PESTELO impact assessment matrix.
- Delivery of training and awareness sessions, including awareness session for the extended Council Leadership Team and CPD events.
- Ongoing development of e-learning solutions, in consultation with HR colleagues.
- Member Council of the recently established Risk Management Sub-Group of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG).

Note : further actions are planned into 2024-25 and are noted in the table below.

Fraud Governance and Anti-corruption Arrangements

Issue: The Council's fraud governance and anti-corruption improvements require some updating and development.

Responsible Officer: Service Manager – Audit & Risk Management Services

Progress made in 2023-24: A number of improvements were made to the Council's fraud governance arrangements during 2023/24, including the following, however further development is planned / required during 2024-25.

- Agreement to establish a new Corporate Fraud Lead Officer post.
- Corporate Fraud Improvement Plan drafted.
- Development and launch of a new mandatory Corporate Fraud e-learning package.
- Development and delivery of corporate fraud awareness raising sessions e.g. to Corporate Procurement Team.
- A new standalone Whistleblowing Policy was developed collaboratively by HR, Legal & Democratic Services and Audit & Risk Management Services. The following supporting working practices and procedures have also been put in place during the year:
 - A new dedicated email address was established with restricted access arrangements.
 - An online referral form was developed and launched.
 - The Council's Internet and Intranet pages were developed as a central source of related procedures, guidance and support.
 - Tripartite approach to consider and respond to concerns and quarterly monitoring meetings to ensure continued oversight of cases.
 - Central reporting and recording process.
- Participation in a short life working group alongside NHS Fife colleagues providing assurances to the Health and Social Care surrounding the Council's enhanced whistleblowing arrangements.

Note : further actions are planned into 2024-25 and are noted in the table below.

Health and Social Care Partnership

Issue: The actions identified within the self-assessment on progress of integration and effective governance need to be advanced.

Responsible Officer: Chief Finance Officer, H&SC

Progress made in 2023-24: A revised Directions Policy was presented to the IJB on 31st May for formal approval following support from HSCP Audit and Assurance Committee and HSCP Finance, Performance and Scrutiny Committee.

A revised Performance Framework was approved by the IJB in September 2023 and is now live.

The Strategic Planning Process is under constant review however there is a robust timetable for implementation and review of all 13 Strategic Plan supporting strategies which are directly attributable to the HSCP. Nine of these strategies were approved by the IJB during 2023-24.

Action plan for 2024-25: When developing the action plan for the new year, the Corporate Governance Group considered the responses completed by Directorates and ALEOs and cross reference this to the Delivering Good Governance Framework. The action plan outlined below has been prepared with reference to the principles within the framework.

Embedding Risk Management

Issue: The Council's risk management arrangements have improved significantly during the last two years; however further development is planned for 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management Services

Planned for 2024/25: Further improvements surrounding the Council's risk management arrangements are planned for 2024/25, including the following:

- Full implementation of the Roll Out Plan.
- Finalisation and launch of a formal training and awareness programme, including e-learning solutions.
- Establish Risk Management Trainee post and fill the position.
- Development and implementation of risk management methodology to be utilised in strategic decision-making.
- Review and revise the Risk Management Maturity Model.
- Provision of risk management advice and guidance to Council ALEOs.

Workforce

Issue: Ensure an effective workforce plan is in development to enhance the strategic allocation of resources and develop and enhance the regular performance reviews with staff.

In our response to the recent SPDS Local Government Workforce Planning Survey 2023 we identified our maturity in terms of the Audit Scotland Workforce Planning Maturity Matrix as being between basic and developing. We recognise the improvements needed and are focussing on deployment of our workforce planning approach with stronger links to service change planning and delivery of the workforce strategy.

The Council's Workforce Strategy, Our People Matter describes our workforce agenda and sets the framework for how we recruit, manage, develop and support our workforce to support delivery of the Plan for Fife. Actions within the strategy support our workforce planning activities. The OPM works in a complimentary way with our workforce planning approach to ensure that our workforce capacity and capability meets current and future organisational needs. Our Service People Plans set out the workforce planning people priorities for Services, the actions they plan to take to address their priorities and the anticipated outcome of their actions. The data from the Service People Plans has enabled the development of corporate workforce planning priority themes. These themes direct corporate activities to support strategic workforce planning activities.

Talking Points is the Council's good practice approach to improving performance. It is about encouraging regular discussions that suit the needs of the service, the team and individuals. It is expected that managers have regular 1-2-1 meetings. In addition, managers are expected to make time, once a year, for a more structured discussion on performance and development needs.

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

- A Corporate People Plan is being developed for the period 2025 - 2028 using the insight from Service workforce planning themes, it will set out the strategic actions we will take to address gaps in our workforce capacity and capability.
- A range of activities will be undertaken to develop the maturity of both our corporate and service approach to workforce planning, including understanding and scoping future workforce needs.
- Delivery of our recruitment strategy will continue with a focus on innovative approaches to recruitment such as Life Chances and 'grow your own' initiatives funded by the Workforce Youth Investment Fund.
- Directorates and Services have been asked to review how well 1-2-1 supervision meetings are being undertaken. This is to include the quality and impact of the conversations.
- The First Line Managers Development Programme will include input on managing team performance and highlight Talking Points as good practice.
- Talking Points guidance will be reviewed and updated from an improvement perspective.

Leadership

Issue: Development of leadership skills and capacity of officers to ensure effective leadership to respond successfully to changing demands and risks

Responsible Officer: Head of Human Resources

Action Planned within 2024-25:

- Support the identification and development of leadership development activities within Services.
- Identification of opportunities to develop senior leadership capabilities through Council Leadership Team sessions, for example on Artificial Intelligence.
- Explore leadership development offerings, aligning with work to support succession planning/talent management.

Performance

Issue: Best Value audit report recommendations in 2023 noted scope for improvement in the Council's approach to planning and performance.

Responsible Officer: Manager, Policy & Communications

Action Planned within 2024-25: Planning & Performance Improvement Plan approved in April 2024 to deliver improvements in the use of research, data and insight, remodelled approach to Service scrutiny reporting, joining up service planning and change planning processes, updating the corporate monitoring approach, making use of digital and improving public performance reporting.

Fraud Governance

Issue: The Council's fraud governance arrangements have improved during 2023/24, however further development is required during 2024/25.

Responsible Officer: Service Manager – Audit & Risk Management

Action Planned within 2024-25:

Further improvements surrounding the Council's fraud governance arrangements planned for 2024/25, including the following:

- Establish new Corporate Fraud Lead Officer post and recruit / fill position.
- Finalise Corporate Fraud Improvement Plan.
- Develop and launch, in conjunction with Workforce Strategy & Organisational Development Team, alternative resources to support the mandatory Corporate Fraud learning e.g. Managers Talk, Video and Information Sheet.
- Further promote the Council's new Whistleblowing Policy and develop arrangements for reporting statistics, outcomes and learnings relating to whistleblowing concerns.
- Develop and implement fraud reporting arrangements.
- Deliver further corporate fraud awareness raising sessions throughout the organisation.
- Review and refresh all fraud-related policies and procedures.
- Engage with Council ALEOs to consider how best to support the provision of related advice and guidance.

Financial Management

Issue: Increasing financial risk and Service overspend

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned withing 2024-25: Financial Management will be strengthened across the organisation and will include review of financial controls and processes in place.

Given the financial risk emerging within the Health & Social Care partnership, the Council, as partner, will work in partnership with the Chief Finance Officer to strengthen controls and reduce the risk where possible. Monthly meetings with senior Finance staff across the partnership will be held and a recovery plan is likely to be required by the Partnership.

Where overspends are emerging, mitigating actions will be required and these will be reported within the regular financial reports presented to both Cabinet and Scrutiny Committees.

Increased emphasis on budget holder accountability and responsibility will be achieved through enhanced availability of financial information though self-service access to financial information directly from the Council's core financial systems. This is an improvement that will respond to customer feedback. Training for budget holders will be provided early in the year.

Programme and Project Assurance

Issue: Given the level of change anticipated throughout the organisation, Programme and Project governance and assurance will be strengthened

Responsible Officer: Executive Director of Finance & Corporate Services

Action Planned within 2024-25: Training will be developed to assist newly appointed Senior Responsible Officers (SRO) to assist understanding of the role and with a focus on governance, assurance and gateway reviews. Further training videos will be developed covering membership of programme/project boards and specifically the differing roles of board members.

A maturity model assessment will be carried out in order to assess areas of strength and weakness. Aligned to this, an assessment of the available skills and resources will be carried out to determine whether there are any resource gaps and an action plan will be developed.

An assessment will be made as to how best to fulfil a Programme Management Office within the Council. Options will be reviewed including an assessment of the most appropriate model, costs and benefits.

5.0 Conclusions

- 5.1 We have revised our Corporate Governance Framework to ensure that it is fit for purpose and have made good progress in delivering on the improvements actioned identified last year. As a result of applying the framework this year some actions are continuing, and new issues and improvement actions have been identified. These actions are planned to ensure continued good governance across the Council.
- 5.2 The last year has been another challenging year for the Council and the focus has been to ensure that support is provided to communities, individuals and businesses whilst safeguarding the Council's financial sustainability and maintaining service delivery. We consider that the governance, risk management and internal control environment operating within 2023-24 provides reasonable assurance and the actions identified in section 4 will address the governance issues that have been highlighted in this year's review. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance, risk management and internal control arrangements.

Councillor David Ross
Leader of the Council

Ken Gourlay
Chief Executive

1. The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No 2011/64) amended the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) requires local authorities in Scotland to prepare a Remuneration Report as part of their annual accounts. All information disclosed in the Tables A to F of this Remuneration Report will be audited by the Council's external auditors. The other sections of the Report will be reviewed by Council's external auditors to ensure that they are consistent with the financial statements.

Remuneration Arrangements

2. Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183), and The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023 (SSI 2023/21). The Regulations provide for differing levels of remuneration for councillors depending on the positions they hold i.e. the Council Leader, the Civic Head (Provost), Senior Councillors or Councillors. The Council Leader and the Provost 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.

The maximum salary that is to be paid to the Council Leader and Provost is set out in the Regulations. Fife Council policy is to pay the Provost at 75% of the maximum salary for the Council Leader.

The Regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Council Leader. The total yearly amount payable by the Council for remuneration of its senior councillors shall not exceed £525,117. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors (up to a maximum of 19) and their salary within these maximum limits.

Table A details remuneration paid by the Council to its 19 senior councillors (totalling £523,678), and to the Leader / Co-Leaders and Provost. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of councillors who elect to become councillor members of the pension scheme. Fife Council's governance arrangements structure and positions of responsibility, which encompasses the salaries of the Council Leader, Provost and Senior Councillors, was agreed at a meeting of the full Council on 19 May 2022.

The Regulations also set out remuneration payable to councillors with the responsibility of a Convenor or Vice Convenor of a Joint Authority. For those members, the Regulations require the remuneration to be paid by the Council of which they are a member which includes any pension contributions to LGPS. The Council is reimbursed by the Joint Authority for any additional remuneration paid to those members.

3. Senior Employees

A senior employee is defined as being any local authority employee who meets at least one of these criteria:-;

- has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- holds a post politically restricted by reason of section 2(1)(a),(b)or(c) of Local Government & Housing Act 1989
- has annual remuneration, including remuneration from a local authority subsidiary body, of £150,000 or more.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee for Local Authority Services sets the salaries for Chief Executives of Scottish local authorities. Industrial Relations Circular11-23b sets the salary for the Chief Executive of Fife Council for the period 1 April 2023 to 31 March 2024.

Executive Director pay is based on a Fife Council review of senior manager salaries by Sir Neil McIntosh following his review of Chief Executives' salaries at national level on behalf of COSLA (Convention of Scottish Local Authorities). The review took market forces, salaries in comparable authorities and reductions in overall Chief Official numbers into consideration. Posts at Executive Director level are only agreed by Committee.

Heads of Service and Senior Manager salaries are determined using Fife Council role criteria. The salary for each role is fixed at a point on the national spinal column. Any new Chief Officer posts below Executive Director level are evaluated and assessed by the Head of HR, approved by the Chief Executive under delegated Officer Powers and reported to Committee through Directorate Performance Reports. Appointment to Chief Officer posts at Tier 1 and 2 are subject to a recruitment process by the Council's Appointments Committee, unless there is a legal obligation to redeploy for redundancy or other statutory reason.

Remuneration policy of one of Fife Council's subsidiary bodies Business Gateway Fife is set by its own Board of Directors. Fife Council is represented on this board of five members by two officers. Fife Council has no direct influence on the determination of the remuneration policy. The other subsidiary bodies are encouraged to maintain grading links with Fife Council which evaluates posts for the Trust Boards when requested.

Details of senior employees for Fife Council and Subsidiary bodies are shown in Tables A & B.

4. Pensions Benefits

Pension benefits for employees and Councillors are provided through the Local Government Pension Scheme (LGPS), a funded scheme made up of contributions from employees and councillors and the employer. The LGPS in Scotland changed on 1 April 2015 from a final salary scheme to a career average revalued earnings (CARE) scheme. The scheme year runs from 1 April to 31 March. and all members, both employee and councillor, now build up a pension based on 1/49th of pensionable pay received in each scheme year. The normal pension age of the new scheme is linked to State Pension Age but with a minimum age of 65.

Pension benefits for employee members built up before 1 April 2015 are protected which means that membership built up to that date will continue to be based on final salary when the member retires or leaves.

Pension benefits for councillor members built up before 1 April 2015 will continue to be calculated using average pay over the whole period of scheme membership, including both pre and post 2015 membership. The councillor's pay for each year or part year ending 31 March (other than the pay in final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of revalued pay is then divided by period of membership to calculate career average pay for the pre 2015 benefits.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. It is designed to give more equality between costs and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees. From 1 April 2015, part time members' contribution rates are now based on actual pensionable pay as opposed to whole time pay.

Actual Pay 2023-24	Contribution Rate 2023-24	Actual Pay 2022-23	Contribution Rate 2022-23
Up to and including £25,300	5.50%	Up to and including £23,000	5.50%
Above £25,301 and up to £31,000	7.25%	Above £23,001 and up to £28,100	7.25%
Above £31,001 and up to £42,500	8.50%	Above £28,101 and up to £38,600	8.50%
Above £42,501 and up to £56,600	9.50%	Above £38,601 and up to £51,400	9.50%
Above £56,601	12.00%	Above £51,401	12.00%

The calculation of pension benefits for employee and Councillor members is as follows:

- For membership from date of joining the pension scheme to 31 March 2009 the accrual rate is 80ths
- For membership from 1 April 2009 to 31 March 2015 the accrual rate is 60ths
- For membership under the new CARE scheme from 1 April 2015 to date of retirement the accrual rate is 49ths

A pension lump sum is only automatically paid for scheme membership up to 31 March 2009 at an accrual rate of 3/80ths. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

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

The pension figures shown in Tables A & B relate to the benefits that the person has accrued as a consequence of; for councillors, their service as a councillor with Fife Council and any appropriate transfers into the scheme; for employees, their local government service, and not just their current appointment.

5. Trade Union Facility Time

The Council is required to publish details of Trade Union facility time, which is the provision of paid or unpaid time off from employees normal roles to undertake Trade Union duties and activities. Details are in Table C and also at: [Fair Work First](#)

Table A- Fife Council

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits	Change from	
		2023-24 £	2022-23 £	2023-24 £	2022-23 £	at 31/03/24 £	31/03/23 £	
Senior Councillors								
David Ross	Leader of Council (from 19.05.22) Co-Leader of Fife Council (until 04.05.22)	46,773	42,910	-	-	Pension Lump Sum	-	-
Jim Leishman	Provost (from 19.05.22) Provost (until 04.05.22)	35,083	32,971	8,595	8,078	Pension Lump Sum	11,000	2,000
David Alexander	Leader of Opposition (from 19.05.22) Co-Leader of Fife Council (until 04.05.22)	27,562	26,578	6,753	6,512	Pension Lump Sum	5,000	1,000
Judy Hamilton (note 3)	Spokesperson: Housing & Building Services (from 19.05.22) Convener: Community & Housing Services Committee (until 04.05.22)	30,268	27,174	7,416	6,658	Pension Lump Sum	10,000	1,000
Altany Craik	Spokesperson: Finance, Economy & Strategic Planning (from 19.05.22) Convener: Economy, Tourism, Strategic Planning & Transportation Committee (until 04.05.22)	27,562	25,724	6,753	6,302	Pension Lump Sum	6,000	1,000
Linda Erskine	Spokesperson: Communities & Leisure (from 19.05.22) Convener: Cowdenbeath Area Committee & HR Spokesperson (until 04.05.22)	27,562	25,724	6,753	6,302	Pension Lump Sum	8,000	1,000
Jan Wincott	Spokesperson: Environment & Climate Change (from 19.05.22)	27,562	23,431	6,753	5,741	Pension Lump Sum	5,000	1,000
Cara Hilton	Spokesperson: Education (from 19.05.22)	27,562	23,431	6,753	5,741	Pension Lump Sum	1,000	1,000
Tom Adams	Chair Regulation & Licensing (from 19.05.22)	27,562	23,431	6,753	5,741	Pension Lump Sum	1,000	1,000
Craig Walker	Convener: Glenrothes Area Committee (from 26.05.22) Convener: Education & Children's Services Committee (until 04.05.22)	27,562	25,584	6,753	6,268	Pension Lump Sum	5,000	1,000
David Barratt	Convener: South & West Fife Area Committee and West & Central Planning Committee (from 27.05.22) Convener: Assets & Corporate Services Committee (until 04.05.22)	27,562	25,555	6,753	6,261	Pension Lump Sum	3,000	-
Jonny Tepp	Convener: North East Area Committee & North East Planning Committee (from 31.05.22)	27,562	22,605	6,753	5,538	Pension Lump Sum	4,000	1,000
James Calder	Convener: City of Dunfermline Area Committee (from 31.05.22)	27,562	22,605	6,753	5,538	Pension Lump Sum	3,000	1,000
Ian Cameron	Convener: Kirkcaldy Area Committee (from 31.05.22)	27,562	22,605	6,753	5,538	Pension Lump Sum	3,000	1,000
Alex Campbell	Convener: Cowdenbeath Area Committee (from 09.06.22)	27,562	21,883	-	-	Pension Lump Sum	-	-

Name	Responsibility	Remuneration (Note 1)		Pension Benefits (Note 2)				
		Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits at 31/03/24	Change from 31/03/23	
		2023-24 £	2022-23 £	2023-24 £	2022-23 £			£
Senior Councillors (continued)								
Colin Davidson	Convener: Levenmouth Area Committee (from 09.06.22)	27,562	21,883	6,753	5,361	Pension Lump Sum	3,000 -	- -
Dave Dempsey	Convener: Standards, Audit and Risk Committee, Convener: Pensions Committee (from 09.06.22) Leader of Opposition, Convener: Standards & Audit Committee, Convener: Superannuation & Pensions Sub-Committee (until 04.05.22)	27,562	24,176	6,753	5,923	Pension Lump Sum	12,000 2,000	2,000 -
Eugene Clarke	Convener: People & Communities Scrutiny Committee (from 15.06.22)	27,562	21,470	6,753	5,260	Pension Lump Sum	2,000 -	1,000 -
Allan Knox	Convener: Finance, Economy & Corporate Services Scrutiny Committee (from 15.06.22)	27,562	21,470	6,753	5,260	Pension Lump Sum	- -	- -
Jane Ann Liston	Convener: Environment, Transportation & Climate Change Scrutiny Committee (from 21.06.22)	27,562	21,057	6,753	5,159	Pension Lump Sum	3,000 -	1,000 -
Kathleen Leslie	Convener Education Scrutiny Committee (from 21.06.22)	27,562	21,057	6,753	5,159	Pension Lump Sum	3,000 -	1,000 -
	Total Senior Councillors (incl Council Leader & Provost)	608,240	523,324	130,812	112,340	Pension Lump Sum	88,000 7,000	18,000 -
Senior Employees								
Ken Gourlay	Chief Executive (from 03.07.23) Executive Director Enterprise & Environment (02.05.22 - 02.07.23)	170,524 (fy 180,183)	123,662 (fy 133,984)	41,778	30,297	Pension Lump Sum	86,000 131,000	19,000 29,000
Steve Grimmond	Chief Executive (until 02.07.23) (note 4)	46,690 (fy 180,183)	172,681	11,036	41,881	Pension Lump Sum	93,000 154,000	4,000 3,000
Eileen Rowand	Executive Director Finance & Corporate Services	141,545	133,984	34,679	32,826	Pension Lump Sum	66,000 76,000	8,000 4,000
Michael Enston	Executive Director Communities	141,545	133,984	34,679	31,502	Pension Lump Sum	83,000 131,000	6,000 7,000
Carol Connolly	Executive Director Place (from 11.12.23)	43,552 (fy 141,545)	-	10,670		Pension Lump Sum	1,000 -	1,000 -
Carrie Lindsay	Executive Director Education & Children's Services (until 01.08.23)	47,458 (fy 141,545)	133,984	11,604	32,826	Pension Lump Sum	90,000 -	3,000 -
Kathryn Henwood	Head of Children & Families & Criminal Justice (Chief Social Work Officer until 14.05.23)	25,570 (fy 111,622)	105,660	3,155	25,887	Pension Lump Sum	50,000 9,000	2,000 -
Chris Moir	Head of Children & Families & Criminal Justice (Chief Social Work Officer from 01.05.23)	103,571 (fy 111,622)	-	25,340		Pension Lump Sum	51,000 68,000	12,000 16,000
	Total Senior Employees	720,455	803,955	172,941	195,219	Pension Lump Sum	520,000 569,000	55,000 59,000

Table B- Joint Initiative and Subsidiary Bodies - Senior Employees

Senior Employees	Responsibility	Organisation	Remuneration (Note 1)		Pension Benefits (Note 2)				
			Salary, Fees & Allowances		Employer's pension contributions		Accrued Pension Benefits		Change from
			2023-24 £	2022-23 £	2023-24 £	2022-23 £	at 31/03/24 £		31/03/23 £
Nicky Connor	Director-Health & Social Care	Health & Social Care Partnership (Note 5)	111,590	93,207	23,126	19,480	Pension Lump Sum	39,000 103,000	8,000 16,000
Heather Stuart	Chief Executive	Fife Cultural Trust	113,752	107,676	25,594	24,227	Pension Lump Sum	26,000 -	4,000 -
Emma Walker	Chief Executive	Fife Sport & Leisure Trust	105,510	99,578	19,462	18,422	Pension Lump Sum	8,000 -	2,000 -
Paul Murphy	Chief Executive (from 30.05.22)	Fife Golf Trust	72,016	53,819 (fy 65,043)	15,195	11,356	Pension Lump Sum	36,000 37,000	7,000 6,000
Jeremy Harris	Chief Executive	Fife Coast & Countryside Trust	73,557	72,590	16,418	15,824	Pension Lump Sum	7,000 -	2,000 -
Robin Baird	Chief Executive	Fife Resource Solutions LLP & CIRECO (Scotland) LLP	105,198	99,578	23,459	22,206	Pension Lump Sum	34,000 22,000	4,000 1,000
Fraser McKee	Senior Growth Adviser	Business Gateway	44,550	42,429	-	-	see Note 6		
Total Joint Initiative and Subsidiary Bodies			626,173	568,877	123,254	111,515	Pension Lump Sum	150,000 162,000	27,000 23,000

Notes - Table A & Table B

Note 1 - Due to Council elections on 5th May 2022, no senior councillors were in position for a full year. 2022-23 full year equivalent (fy) salaries are; Council Leader £45,669, Co-Leader / Provost £34,254, other senior councillors £26,655. For senior employees, fy salaries are shown in brackets for those who started or left in the year.

Note 2 - The pension figures shown relate to benefits accrued as a consequence of total local government service and not just for the current post. Benefits for persons who have left during the year are shown as the benefits accrued at the time of leaving.

Note 3 - Remuneration for Cllr Hamilton includes £2,706 (2022-23, £1,450) for her role as Chair of APSE (Association for Public Service Excellence).

Note 4 - Remuneration for Steve Grimmond, Chief Executive includes payments made in respect of his role as Returning Officer in 2023-24 of £1,644 (2022-23 £2,123)

Note 5 - The position of Director of Health & Social Care Joint Initiative is employed by the NHS.

Note 6 - Business Gateway Fife employees are members of a defined contribution pension scheme therefore disclosure of pension benefits accrued in year is not possible.

Table C - Trade Union Facility Time

2022-23			2023-24	
Non Education staff	Education staff		Non Education staff	Education staff
65	18	Number of employees who were relevant union officials in the year	60	38
57.6	15.2	Number of full time equivalent employees	56.4	36
		Number of employees analysed by % of time spent on facility time		
35	6	0%	29	7
22	9	1% - 50%	22	28
1	2	51% - 99%	1	2
7	1	100%	8	1
£0.328m	£0.346m	Total cost of Facility Time	£0.343m	£0.365m
0.1%	0.1%	% of Total pay bill spent on Facility Time	0.1%	0.1%
5%	5%	Time on paid Activities as % of total paid Facility Time	5%	5%

Table D - Members Expenses

Details of the salaries, allowances and expenses paid to all councillors (including senior councillors in Table A).

2022-23 £m	Type of Remuneration	2023-24 £m
1.627	Salaries	1.688
0.026	Travel and Subsistence	0.031
0.001	Training/ Conference and Meeting Expenses	0.006
0.005	Telephone and Information Technology Expenses met by Council	0.006
0.004	Cost of Provision of Council Cars met by Council	0.004
0.000	Other Expenses and Allowances	0.000
1.663	Total	1.735

The annual return of councillors' salaries and expenses for 2023-24 is available for any member of the public to view at all Fife Council libraries and public offices during normal working hours. It is also available on the Fife Council website at the following link; [Councillors' Salaries & Expenses](#)

Table E - Fife Council Employees Analysis by Pay Band

The figures below are the total number of Council employees receiving more than £50,000 remuneration for the year (including any associated redundancy or early retirement payments).

2022-23	Remuneration Bands	2023-24	2022-23	Remuneration Bands	2023-24
398	£50,000 - £54,999	653	0	£115,000 - £119,999	0
241	£55,000 - £59,999	349	0	£120,000 - £124,999	0
184	£60,000 - £64,999	212	0	£125,000 - £129,999	0
95	£65,000 - £69,999	163	4	£130,000 - £134,999	0
99	£70,000 - £74,999	101	0	£135,000 - £139,999	1
15	£75,000 - £79,999	81	0	£140,000 - £144,999	2
17	£80,000 - £84,999	12	0	£145,000 - £149,999	0
8	£85,000 - £89,999	10	0	£150,000 - £154,999	0
8	£90,000 - £94,999	7	0	£155,000 - £159,999	0
2	£95,000 - £99,999	9	0	£160,000 - £164,999	0
4	£100,000 - £104,999	3	0	£165,000 - £169,999	0
13	£105,000 - £109,999	9	1	£170,000 - £174,999	1
0	£110,000 - £114,999	11	1,089	Total	1,624

Table F - Exit Packages

Termination benefits are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits, as agreed by the Council. Exit packages detailed below include redundancy payments, compensatory lump sums, pension strain and estimated capitalised compensatory added years' (CAY) costs for Fife Council and its group. These estimated values are based on an assessment of the present value of future payments to the retiree until death. Exit packages relating to ill health retirements are not classified as termination benefits therefore amounts paid to individuals on this basis are not included in the table.

Exit Package Cost Band £	No. of Compulsory Redundancies	No. of Other Agreed Departures	Total No. of Exit Packages	Cash Value £m	Estimated CAY £m	Total Exit Packages Cost
2023-24						
0 - 19,999	3	10	13	0.098	0.000	0.098
20,000 - 39,999	0	0	0	0.000	0.000	0.000
40,000 - 59,999	1	0	1	0.045	0.000	0.045
60,000 - 79,999	0	0	0	0.000	0.000	0.000
80,000 - 99,999	0	1	1	0.084	0.000	0.084
100,000 - 149,999	1	0	1	0.123	0.000	0.123
Over 150,000	0	0	0	0.000	0.000	0.000
Total	5	11	16	0.350	0.000	0.350
2022-23						
0 - 19,999	0	17	17	0.188	0.006	0.194
20,000 - 39,999	0	13	13	0.333	0.000	0.333
40,000 - 59,999	0	1	1	0.050	0.000	0.050
60,000 - 79,999	0	2	2	0.117	0.025	0.142
80,000 - 99,999	0	3	3	0.257	0.000	0.257
100,000 - 149,999	0	4	4	0.399	0.077	0.476
Over 150,000	0	8	8	1.248	0.412	1.660
Total	0	48	48	2.592	0.520	3.112

The total cost of exit packages included in the table above have been agreed, accrued for and charged to Fife Council's Comprehensive Income and Expenditure Statement in the relevant year.

Of the 2023-24 total cost of £0.350m, £0.064m relates to statutory redundancy payments, £0.024m to compensation for loss of office, £0.262m for enhanced pension benefits and nil for estimated CAY.

As a consequence of the delivery of the 2023-24 savings each directorate has incurred termination payments. The Directorate incurring the largest cost is Health & Social Care £0.202m.

Councillor David Ross
Leader of the Council

Ken Gourlay
Chief Executive

The Council's Responsibilities

The Council is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Fife Council, that officer is the Executive Director Finance and Corporate Services.
- 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.

We confirm that these Annual Accounts were approved for signature by the Standards, Audit and Risk Committee at its meeting on 30th September 2024.

Signed on behalf of Fife Council

Councillor David Ross
Leader of the Council

The Executive Director Finance and Corporate Services Responsibilities

The Executive Director Finance and Corporate Services is responsible for the preparation of Fife Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code),

In preparing the Annual Accounts, the Executive Director Finance and Corporate Services has:-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation)

The Executive Director Finance and Corporate Services has also:-

- Kept adequate accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Fife Council and its group at the reporting date and the transactions of Fife Council and its group for the year ended 31st March 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The objective of this Analysis is to demonstrate to council tax and rent payers how funding available to the Council (i.e. government grants, rents, fees and charges, council tax and business rates) for the year has been used in providing services in comparison with resources consumed or earned by authorities in accordance with generally accepted accounting practices under accounting standards or statutory provisions, and shows how net expenditure is allocated for decision making purposes between Council directorates. Expenditure under generally accepted accounting practices is presented more fully in Comprehensive Income & Expenditure Statement (CIES). It should be noted that this analysis is not a principal financial statement of the accounts.

2022-23				2023-24		
Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m		Net Expenditure chargeable to Balances £m	Adjustments between Funding & Accounting Basis £m	Net Expenditure in the CIES £m
353.475	48.027	401.502	Education	385.901	30.355	416.256
213.656	15.012	228.668	Health & Social Care	220.914	3.789	224.703
131.415	47.128	178.543	Place	141.891	26.960	168.851
51.162	19.983	71.145	Finance & Corporate	59.259	10.274	69.533
0.283	0.035	0.318	Chief Executive	0.302	0.004	0.306
80.955	15.431	96.386	Communities	92.092	4.873	96.965
60.998	(0.152)	60.846	*Children's Services	70.554	0.039	70.593
(30.337)	18.861	(11.476)	Housing Revenue Account	(28.519)	12.812	(15.707)
51.714	(51.714)	0.000	Loan Charges	84.046	(84.046)	0.000
913.321	112.611	1,025.932	Net Cost of Services	1,026.440	5.060	1,031.500
(942.960)	(19.363)	(962.323)	Other Income & Expenditure	(968.763)	(61.052)	(1,029.815)
(29.639)	93.248	63.609	Total (Surplus)/Deficit on Provision of Services	57.677	(55.992)	1.685
(2.239)	5.719	3.480	Subsidiaries	(1.989)	0.662	(1.327)
(1.027)	1.027	0.000	Less Intercompany transactions	(0.277)	0.277	0.000
(32.905)	99.994	67.089	Group (Surplus)/Deficit on Provision of Services	55.411	(55.053)	0.358

(189.818)	Opening General Fund & HRA Balance	(223.434)
(29.639)	(Surplus) / Deficit for the year	57.677
(3.977)	Transfers to / (from) Other Reserves	3.160
(223.434)	Closing General Fund & HRA Balance (see Movement in Reserves Statement)	(162.597)

* During 2023-24 Children's Services (disclosed separately above to allow comparison) moved to Communities Directorate from Education & Children's Services.

Adjustments between funding & accounting basis (above) is comprised of the following 3 items which are detailed by Council directorate in Note 8-Analysis of Income and Expenditure by Segment/Nature.

- **Adjustments for Capital Purposes** in Net Cost of Services reflect impairment & revaluation gains/losses and depreciation charged to CIES. Adjustments outwith Net Cost of Services include gains/losses on disposal of assets and capital grants receivable in the year. These adjustments in 2022-23 include an adjustment of £43.576m for Service Concessions Arrangements (see Note 17).

- **Net change for Pension Adjustments** in Net Cost of Services are the removal of employer pension contributions made by the Council, replaced with current & past service costs calculated under IAS19. Adjustments outwith Net Cost of Service includes net interest on defined benefit asset / liability under IAS19.

- **Other Adjustments** in Net Cost of Services include an accrual for costs of holiday entitlement earned by employees not taken before year end, and other transfers between services to recognise differences between the reporting structure of the Council and the accounting basis. Adjustments outwith Net Cost of Services include timing differences for premiums and discounts relating to Financial Instruments.

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Total Comprehensive Income & Expenditure line shows the true economic cost of providing the Council's services, details of which are shown in the CIES. These are different from the amounts charged to General Fund Balance and Housing Revenue Account for council tax setting and dwellings rent setting purposes under accounting standards and statutory regulations. The Transfers (to)/from Other Statutory Reserves shows charges made to the CIES to be financed from a reserve. The Balances at 31 March are before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund £m	HRA £m	Insurance Fund £m	Capital Fund £m	Capital Grants and Receipts and Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Fife Council Reserves £m	Subsidiary Reserves & Share of Joint Venture £m	Total Group Reserves £m
Opening Balance 1 April 2022	(182.813)	(7.005)	(16.571)	0.000	(5.745)	(212.134)	(1,809.131)	(2,021.265)	(182.319)	(2,203.584)
Movement in Reserves during 2022-23 (Restated)										
Total Comprehensive Income & Expenditure	85.669	(22.060)	0.000	0.000	0.000	63.609	(735.519)	(671.910)	1.784	(670.126)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(23.825)	(4.911)	0.000	0.000	0.000	(28.736)	28.736	0.000	0.000	0.000
- required by statutory regulations	(90.782)	26.270	0.000	0.000	3.057	(61.455)	61.455	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	(4.303)	0.326	2.148	0.000	1.829	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.460	0.460	(0.460)	0.000
(Increase)/Decrease in Year	(33.241)	(0.375)	2.148	0.000	4.886	(26.582)	(644.868)	(671.450)	1.324	(670.126)
Balance at 31 March 2023	(216.054)	(7.380)	(14.423)	0.000	(0.859)	(238.716)	(2,453.999)	(2,692.715)	(180.995)	(2,873.710)
Movement in Reserves during 2023-24										
Total Comprehensive Income & Expenditure	27.266	(25.581)	0.000	0.000	0.000	1.685	(241.720)	(240.035)	(47.648)	(287.683)
Adjustments between accounting & funding basis:										
- permitted by accounting standards	(33.244)	(4.727)	0.000	0.000	0.000	(37.971)	37.971	0.000	0.000	0.000
- required by statutory regulations	61.569	32.394	0.000	0.000	(0.275)	93.688	(93.688)	0.000	0.000	0.000
Transfers to/(from) Other Statutory Reserves	3.181	(0.021)	(3.160)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer to/(from) Common Good Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.590	0.590	(0.590)	0.000
(Increase)/Decrease in Year	58.772	2.065	(3.160)	0.000	(0.275)	57.402	(296.847)	(239.445)	(48.238)	(287.683)
Balance at 31 March 2024	(157.282)	(5.315)	(17.583)	0.000	(1.134)	(181.314)	(2,750.846)	(2,932.160)	(229.233)	(3,161.393)

This statement shows the cost of providing services and managing the Council during the year and includes, on an accruals basis, all of the Council's day-to-day expenses and related income but excludes any amounts relating to VAT, as VAT collected is payable to HM Revenue & Customs and VAT paid is recoverable from them.

The statement shows the accounting cost in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover net expenditure in accordance with statutory regulations which may be different from the accounting cost and the taxation position is shown in the Movement in Reserves Statement.

2022-23 Restated					2023-24			
Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Fife Council Net Expenditure £m	Group Net Expenditure £m
464.157	(62.655)	401.502	401.502	Education	478.845	(62.589)	416.256	416.256
599.313	(370.645)	228.668	228.668	Health & Social Care	563.086	(338.383)	224.703	224.703
220.828	(42.285)	178.543	178.543	Place	212.679	(43.828)	168.851	168.851
157.466	(86.321)	71.145	71.145	Finance & Corporate	158.508	(88.975)	69.533	69.533
0.318	0.000	0.318	0.318	Chief Executive	0.306	0.000	0.306	0.306
118.180	(21.794)	96.386	96.386	Communities	125.026	(28.061)	96.965	96.965
70.819	(9.973)	60.846	60.846	*Children's Services	82.087	(11.494)	70.593	70.593
119.676	(131.152)	(11.476)	(11.476)	Housing Revenue	123.392	(139.099)	(15.707)	(15.707)
93.763	(90.010)	0.000	3.753	Subsidiaries	103.940	(104.311)	0.000	(0.371)
		1,025.932	1,029.685	Net cost of Services (note 8)			1,031.500	1,031.129
				Other Income & Expenditure (note 9)				
		2.164	2.215	- Other Operating Expenditure			(0.387)	(0.305)
		52.272	52.975	- Financing & Investment			43.748	43.274
		(1,016.759)	(1,017.786)	- Taxation & Non-Specific Grant Income			(1,073.176)	(1,073.740)
		63.609	67.089	(Surplus)/Deficit on Provision of Services			1.685	0.358
				Other Comprehensive Income & Expenditure				
		(217.908)	(218.774)	-(Gain)/Loss-non-current asset revaluation			(108.268)	(116.187)
		1.861	1.861	-(Gain)/Loss-non-current asset impairment			8.520	8.520
		(0.205)	(0.205)	-(Gain)/Loss-financial asset revaluation			0.000	0.000
		(519.267)	(526.012)	-Remeasurement of net pensions liability			(141.972)	(146.319)
		0.000	(15.081)	-Movement in Common Good lease assets			0.000	(50.550)
		0.000	20.996	Share of Joint Venture			0.000	16.495
		(671.910)	(670.126)	Total Comprehensive Income & Expenditure			(240.035)	(287.683)

*During 2023-24 Children's Services (disclosed separately above to allow comparison) moved to Communities Directorate from Education & Children's Services.

Material Items of Income and Expenditure

Fife Integration Joint Board (IJB)

Fife Council made contributions of £220.204m to the IJB, £218.637m from Health & Social Care and £1.567m from Housing. Fife Council received amounts from the IJB totalling £290.526m. The Council's share of IJB reserves decreased by £16.495m in 2023-24 and is included in the Group figures above.

The Balance Sheet: shows the value of the assets and liabilities held by the Group which are matched by reserves (Usable and Unusable). Usable reserves are those the Group may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves cannot be used by the Group to provide services and include reserves that hold unrealised gains and losses which only become available to provide services if assets are sold, and reserves that hold timing differences detailed in the Movement in Reserves Statement line 'Adjustments between accounting basis & funding basis under regulations'.

31 March 2023 Restated				31 March 2024	
Fife Council £m	Group £m		Notes	Fife Council £m	Group £m
3,792.957	3,942.676	Property, Plant & Equipment	11	4,003.423	4,213.116
31.132	31.582	Heritage Assets	12	31.132	31.582
0.000	0.000	Intangible Assets	14	0.000	0.004
5.750	5.750	Long Term Debtors	21	4.683	4.683
2.747	10.870	Long Term Investments	21	2.756	10.904
0.000	0.000	Defined Benefit Pension Asset	24	49.218	54.338
0.000	18.860	Investment in Joint Venture	27	0.000	2.365
3,832.586	4,009.738	Long Term Assets		4,091.212	4,316.992
70.349	77.958	Cash and Cash Equivalents	Cash Flow	65.646	76.877
1.666	1.666	Assets held for sale	13	0.705	0.705
4.671	4.786	Inventories	18	5.112	5.387
105.287	108.762	Short Term Debtors	19	126.606	126.044
181.973	193.172	Current Assets		198.069	209.013
(17.651)	(17.651)	Short Term Receipts in Advance	10	(25.711)	(25.711)
(162.812)	(170.657)	Short Term Creditors	19	(110.800)	(118.133)
(0.700)	(0.700)	Short Term Provisions	20	(0.150)	(0.150)
(68.740)	(68.740)	Short Term Borrowing	21	(155.944)	(155.944)
(249.903)	(257.748)	Current Liabilities		(292.605)	(299.938)
(20.256)	(20.256)	Long Term Receipts in Advance	10	(20.656)	(20.656)
(13.998)	(13.998)	Long Term Provisions	20	(15.002)	(15.002)
0.000	(0.051)	Long Term Creditors	21	0.000	(0.158)
(865.927)	(865.927)	Long Term Borrowing	21	(966.702)	(966.702)
(69.292)	(69.292)	Other Long Term Liabilities	21	(62.156)	(62.156)
(102.468)	(101.928)	Defined Benefit Pension Liability	24	0.000	0.000
(1,071.941)	(1,071.452)	Long Term Liabilities		(1,064.516)	(1,064.674)
2,692.715	2,873.710	Net Assets/(Liabilities)		2,932.160	3,161.393
(238.716)	(415.171)	Usable Reserves	6	(181.314)	(393.561)
(2,453.999)	(2,458.539)	Unusable Reserves	7	(2,750.846)	(2,767.832)
(2,692.715)	(2,873.710)	Total Reserves		(2,932.160)	(3,161.393)

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

The statement: shows the changes in cash and cash equivalents by operating, investing and financing activities. Net cash flows from operating activities is a key indicator of the extent to which operations are funded by taxation, grants or charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

2022-23			2023-24	
Fife Council £m	Group £m		Fife Council £m	Group £m
(63.609)	(67.089)	Net surplus or (deficit) on the provision of services	(1.685)	(0.358)
		Adjustments for non cash movements		
109.294	109.868	Depreciation charges	121.200	121.963
6.751	6.867	Downward/(upward) revaluations & Impairments	7.335	8.147
0.000	0.000	Amortisation of intangibles	0.000	0.001
0.000	0.652	Movement in Fair Value of Investments	0.000	(0.007)
22.824	20.609	Increase/(decrease) in creditors	(45.873)	(38.430)
(2.976)	(2.081)	(Increase)/decrease in debtors	(15.115)	(18.924)
(0.287)	(0.312)	(Increase)/decrease in inventories	(0.441)	(0.601)
90.308	95.721	Movement in pension asset / liability	(9.714)	(9.947)
0.227	0.227	Contributions to/(from) provisions	0.454	0.454
14.959	15.308	Carrying amount of assets sold	3.182	3.786
		Adjustments for investing & financing activities		
(73.799)	(74.825)	Capital Grants in surplus/(deficit) on provision of services	(104.413)	(104.977)
(12.795)	(13.093)	Proceeds from the sale of assets	(3.569)	(4.092)
90.897	91.852	Net cash flows from Operating Activities	(48.639)	(43.072)
(191.124)	(193.469)	Purchase of non-current assets	(236.411)	(238.982)
(0.005)	(0.310)	Purchase of investments	(0.009)	(0.548)
12.795	13.093	Proceeds from the sale of assets	3.569	4.092
72.903	73.930	Other receipts from investing activities	100.718	101.360
(105.431)	(106.756)	Net cash flows from Investing Activities	(132.133)	(134.078)
(21.430)	(21.430)	Cash receipts and repayments of short & long term borrowing	184.474	184.474
(5.631)	(5.631)	Cash payments reducing liabilities on finance leases & PPP	(6.938)	(6.938)
1.851	1.851	Other financing activities	(1.467)	(1.467)
(25.210)	(25.210)	Net cash flows from Financing Activities	176.069	176.069
(39.744)	(40.114)	Net increase or (decrease) in cash & cash equivalents	(4.703)	(1.081)
110.093	118.072	Cash & cash equivalents at beginning of reporting period	70.349	77.958
70.349	77.958	Cash & cash equivalents at end of reporting period	65.646	76.877
0.050	0.050	Cash in Hand	0.049	0.062
1.877	6.178	Bank	2.658	10.275
71.730	71.730	Short Term Investments	66.540	66.540
(3.308)	0.000	Advances from other accounts	(3.601)	0.000
70.349	77.958		65.646	76.877
		Net cash flows for Operating Activities include:-		
2.764	3.192	Interest received	1.109	1.565
(41.914)	(41.914)	Interest paid	(36.014)	(36.014)
(39.150)	(38.722)	Total	(34.905)	(34.449)

Movement in Liabilities held in the Balance Sheet recognised as Financing Activities (£m)

	1 April 2022	Movement 2022-23		1 April 2023	Movement 2023-24		31 March 2024
		Cash	Non-Cash		Cash	Non-Cash	
Long & Short Term Borrowing	(940.794)	21.430	0.000	(919.364)	(184.474)	0.000	(1,103.838)
PPP & Lease Liabilities	(81.861)	5.631	0.000	(76.230)	6.938	0.000	(69.292)
EIR Loan Liability	(5.090)	0.000	0.021	(5.069)	0.000	0.044	(5.025)

Notes to the Accounts

1. General Accounting Policies

General Principles

The Annual Accounts summarise the Fife Council and its Group transactions for the 2023-24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that these accounts be prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) and supported by International Financial Reporting Standards (IFRS).

The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. The materiality concept is an expression of the relative significance of a matter in the context of the annual accounts as a whole and items of income and expenditure are material if individually or collectively they could influence the decisions or assessments of users of the financial statements. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

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. The group accounting policies are materially the same as those specified above.

Accruals of Income and Expenditure

The accounts and related statements are compiled on an accruals basis for both revenue and capital. The accruals basis requires that activity is accounted for in the year it takes place, not simply when cash payments are made or received. Accruals are made for all material debtors and creditors within the accounts. Accruals are made for payroll costs where pay has been earned but not paid, for supplies & services where received or consumed within the financial year, for interest due and payable on external borrowings and for customer & client receipts due and receivable in the period to which they relate. The main accrual & estimation techniques used are:

- Payroll Costs: Estimate of salaries & wages based on number of days relating to the period to 31 March 2024
- Energy Costs: Information held by Energy Management Unit and Service records.
- Supplies & Services: Purchase ordering and goods receipting information held in the Council's financial systems.
- Interest: Based on the Council's Investment Team records of internal and external loans.
- Pensions: Estimate of future asset / liability calculated by the Council's actuaries in accordance with IAS19.
- Holiday Pay: Based on employees holiday leave earned in 2023-24 but not taken by 31 March 2024.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance into the Movement in Reserves Statement (MIRS). When expenditure to be financed from a reserve is incurred, it is charged to Surplus/Deficit on Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in MIRS 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, retirement and employee benefits and do not represent usable resources for the Council.

Fair Value

The Council values some of its non-financial assets and financial instruments at Fair Value which 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 in the principal or most advantageous market. 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. The levels of the fair value are:

- Level 1 - quoted prices (unadjusted) in active markets for
- Level 2 - inputs other than quoted prices included within Level 1
- Level 3 - unobservable inputs

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and a Joint Venture and is therefore required 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.

2. Accounting Standards Issued, not yet Adopted

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following Standards do not require adoption before 31 March 2024 and therefore have no impact on the 2023-24 financial statements;

- a) **IFRS16 Leases** issued in January 2016
- b) **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) **Lease Liability in a Sale & Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities.
- f) **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
 - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
 - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Note that a) is applicable because Fife Council did not voluntarily implement IFRS 16 in 2023-24. The council has not yet identified the impact of this standard. It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f).

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the financial statements. The most significant of these for the Council is;

- **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 & Equipment on the Council's Balance Sheet with further details shown in a separate note to the accounts.

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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are below:-

- **Property, Plant & Equipment:** The Net Book Value of assets subject to depreciation is £1,992.251m. These are depreciated over useful lives dependent on assumptions about future levels of repairs & maintenance that will be incurred for 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.

The Council has reviewed the potential for indexation of Other, Land & Buildings Assets valued on a Depreciated Replacement Cost basis. It was deemed by the Council's Estates professionals that an indexation of 2.09% should be applied to build cost components for the period 01/04/23 - 31/03/24 to reflect the conditions in the external market. This indexation was adjusted to the date of the last valuation for assets not revalued at 01/04/23. For all other assets not valued on a Depreciated Replacement Cost basis, the Council's Estates professionals carry out an annual review to determine any significant changes in the external market which may impact on the current valuations and adjust as appropriate.

Council dwellings are valued using the Beacon Method under which the values of groups of similar properties are calculated by assessing the capital value of one of them (a beacon) then extrapolating the value across the rest of the group. Current values for Council dwelling assets (valued to Economic Use Value-Social Housing) at 31 March 24 were calculated by applying an adjustment factor of 40.47% to the underlying vacant possession value.

The Council has also reviewed the potential for indexation of Council Dwellings. The District Valuer undertakes an annual review to advise on whether there is likely to have been a change in the value of the housing stock since the last full valuation at 31 March 2023. The outcome of this review concluded that the value of the HRA stock is likely to have increased by in the region of 1%. The Council Dwellings value was adjusted to reflect at 31/03/24.

All Asset Valuations are recorded with two components – land and buildings. Where the building component is greater than £10 million, the building element is further componentised to provide a value for the Mechanical & Electrical services within the asset. The percentage used for this further split varies by property type and is included with the build cost information provided by the Council Quantity Surveyors.

No estimations and assumptions about the estimated cost of dismantling, removing or restoring items of property, plant and equipment have been included in the Capital Expenditure in the Accounts.

Effect if Actual Results Differ from Assumptions: If the useful life of assets is reduced, depreciation increases and carrying amount of assets fall. It is estimated that for every year that useful lives are reduced, the annual depreciation charge for buildings would increase by approximately £3.489m. If the beacon adjustment factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £27.526m.

- **Defined Pensions Liability:** Estimation of the Council's net liability to pay pensions depends on a number of complex judgements including 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. 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: Changes to individual assumptions will have an effect on the defined benefit obligation. e.g. a 0.1% decrease in the discount rate would increase the liability by £49m, a 0.1% increase in Pension Increase rate (CPI) would increase the liability by £47m and a 1 year increase in life expectancy assumptions would increase the liability by 4%.

- **Fair Value Measurements:** If fair value of a financial asset or liability cannot be measured based on quoted prices in active markets (Level 1), it is measured using valuation techniques (e.g. quoted prices for a similar asset or liability in active markets). Where possible, the techniques are based on observable data, but if not, judgement is required to establish fair values, typically including considerations such as uncertainty and risk. Where Level 1 inputs are unavailable, the Council employs relevant experts to identify the most appropriate valuation techniques.

Effect if Actual Results Differ from Assumptions: Significant changes in any of the unobservable inputs would result in a significantly lower or higher value for the Council's assets which are measured at fair value.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

These are adjustments made to the comprehensive income & expenditure statement (CIES) recognised by the Council in accordance with proper accounting practice to the resources that are specified by accounting standards or statutory regulations as being available to the Council to meet future capital and revenue expenditure.

2022-23						2023-24						
Usable Reserves				Unusable Reserves	Total Reserves		Usable Reserves				Unusable Reserves	Total Reserves
General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Unapplied				General Fund	Housing Revenue Account	Capital Fund	Capital Grants & Receipts & Unapplied		
£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m
						Accounting Standards Adjustments						
						Adjustments for Capital Purposes						
(23.825)	(4.911)	0.000	0.000	28.736	0.000	Revaluation element of depreciation in CIES	(33.244)	(4.727)	0.000	0.000	37.971	0.000
(23.825)	(4.911)	0.000	0.000	28.736	0.000	Total Accounting Standards Adjustments	(33.244)	(4.727)	0.000	0.000	37.971	0.000
						Statutory Adjustments						
						Adjustments for Capital Purposes						
(55.364)	(31.945)	0.000	0.000	87.309	0.000	Depreciation, Impairment & Revaluations	(58.256)	(32.308)	0.000	0.000	90.564	0.000
50.293	23.506	0.000	1.152	(74.951)	0.000	Capital grants & contributions	82.011	22.402	0.000	(0.275)	(104.138)	0.000
(2.316)	0.152	(12.795)	0.000	14.959	0.000	Gains/(Losses) on disposal of assets	0.372	0.015	(3.569)	0.000	3.182	0.000
0.000	0.000	14.565	0.000	(14.565)	0.000	Capital Fund applied to capital investment	0.000	0.000	3.554	0.000	(3.554)	0.000
0.000	0.000	0.135	0.000	(0.135)	0.000	Capital Fund applied to HRA debt repayment	0.000	0.000	0.015	0.000	(0.015)	0.000
0.000	0.000	(1.905)	1.905	0.000	0.000	Capital Fund applied to transformation projects	0.000	0.000	0.000	0.000	0.000	0.000
27.499	16.333	0.000	0.000	(43.832)	0.000	Statutory provision-financing capital investment	23.684	18.469	0.000	0.000	(42.153)	0.000
(43.576)	0.000	0.000	0.000	43.576	0.000	Service Concession Arrangements (see Note 17)	0.000	0.000	0.000	0.000	0.000	0.000
11.964	20.560	0.000	0.000	(32.524)	0.000	Capital expenditure charged to revenue	0.000	23.752	0.000	0.000	(23.752)	0.000
						Pensions Adjustments						
(86.796)	(3.512)	0.000	0.000	90.308	0.000	Difference in pension costs charged to CIES from those chargeable under regulations	9.513	0.201	0.000	0.000	(9.714)	0.000
						Financial Instruments Adjustments						
1.557	1.009	0.000	0.000	(2.566)	0.000	Difference in finance costs charged to CIES from those chargeable under regulations	2.660	(0.026)	0.000	0.000	(2.634)	0.000
						Employee Statutory Adjustments						
5.957	0.167	0.000	0.000	(6.124)	0.000	Difference in officer remuneration charged to CIES from those chargeable under regulations	1.585	(0.111)	0.000	0.000	(1.474)	0.000
(90.782)	26.270	0.000	3.057	61.455	0.000	Total Statutory Adjustments	61.569	32.394	0.000	(0.275)	(93.688)	0.000

6. Usable Reserves and Earmarked Balances

2022-23 £m	Usable Reserves	2023-24 £m
(216.054)	General Fund	(157.282)
(7.380)	Housing Revenue Account (HRA)	(5.315)
(14.423)	Insurance Fund	(17.583)
0.000	Capital Fund	0.000
(0.859)	Capital Grants and Receipts Unapplied Account	(1.134)
(238.716)	Total Usable Reserves	(181.314)

Movements in usable reserves are outlined in the Movement in Reserves Statement (MIRS) which also shows movements in amounts set aside from General Fund balances in statutory reserves for the following purposes:-

- Insurance Fund

The Council purchases insurance cover and manages risk through its Insurance Fund with the exception of theft, malicious damage and accidental damage which are charged to the cost of services in the year they arise.

- Capital Fund

Capital receipts are transferred to this fund which is used to finance capital expenditure, set aside to repay HRA debt, or transferred to the Capital Grants & Receipts Unapplied account to fund Transformation Projects.

- Capital Grants and Receipts Unapplied Account

This account holds capital grants and receipts credited to Surplus / Deficit on Provision of Services but not yet applied to fund expenditure. When applied to fund capital expenditure these are transferred in MIRS to Capital Adjustment Account.

Legislation in Scotland does not allow for creation of separate non-statutory earmarked reserves, however the Council has areas where funds are earmarked or committed but remain part of usable reserves. The table shows net transfers between committed balances and Service budgets, either to increase committed balances or to augment Service expenditure, and also other transfers between committed and uncommitted balances.

2023-24	Balance 1 April 2023 £m	Net Transfers to / (from) Services £m	Other Balance Transfers £m	Movement in Reserves (MIRS) £m	Balance 31 March 2024 £m
General Fund					
<u>Earmarked Balances:</u>					
Energy Management Fund	(1.853)	1.853	(1.371)		(1.371)
Council Tax - Second Homes	(9.146)	0.220	0.000		(8.926)
Earmarked Grants	(6.886)	2.451	(0.913)		(5.348)
Grants Received & Carried Forward	(9.066)	8.664	(5.348)		(5.750)
Service Carry Forwards	(3.665)	3.666	(1.473)		(1.472)
Financial Consequences of COVID-19	(35.776)	15.217	1.629		(18.930)
Capital Investment Plan	(68.124)	18.344	(17.000)		(66.780)
<u>Committed Balances:</u>					
Change Fund	(10.000)	0.094	0.000		(9.906)
Demographics/Pay/Pensions	(18.000)	4.670	0.000		(13.330)
Workforce Change	(6.123)	0.000	0.000		(6.123)
Contribution from Balances	(8.000)	10.100	(6.000)		(3.900)
Other Commitments	(2.408)	(2.655)	3.245		(1.818)
Total Commitments	(179.047)	62.624	(27.231)	0.000	(143.654)
Uncommitted Balances	(37.007)	(62.624)	27.231	58.772	(13.628)
	(216.054)	0.000	0.000	58.772	(157.282)
Insurance Fund					
Insurance Fund - Earmarked	(6.830)	0.000	(4.105)		(10.935)
Insurance Fund	(7.593)	0.000	4.105	(3.160)	(6.648)
	(14.423)	0.000	0.000	(3.160)	(17.583)

Explanatory Note

General Fund Balance

The General Fund Services balance decreased by £58.772m in 2023-24, leaving a balance at the end of the year of £157.282m. Once the commitments of £143.654m shown above are set against this, an uncommitted balance of £13.628m remains as at 31 March 2024. The level of reserves continues to be kept under review, particularly when forecast to fall below 2%.

Energy Management Fund

The Council's Energy Management Service has implemented a programme of energy efficiency projects where permanent energy cost savings have been achieved. A proportion of these savings has been appropriated to the General Fund and is now held for further initiatives and projects.

Council Tax - Second Homes

Scottish Government legislation requires that income collected from council tax for second homes is utilised to fund Affordable Housing. This reserve represents the remaining balance of funds to be used for that purpose.

Earmarked Grants

The balance held for earmarked grants relates to situations where the paying agency allows any unspent grant to be retained without imposing any conditions. In order to recognise that the grant is ring-fenced the element of the balance relating to the unspent grant has been earmarked for use in the future.

Grants Received & Carried Forward

The balance is held for Grants Received which are expected to be finalised in the following financial year and monies have been carried forward for this purpose.

Service Carry Forward

The Council operates a devolved school management scheme which allows an element of budget carry forward.

Continuing Financial Consequences of COVID-19

The committed balance represents mainly unused GRG (General Revenue Grant) provided during the pandemic and has been committed to the ongoing financial consequences.

Capital Investment Plan

Funding earmarked for the approved Capital Plan 2023-33 and future PPP costs. The funding is available from previous years service underspends identified and earmarked for investment, along with the benefit released from the application of revised Statutory Guidance (Finance circular 10/2022) in respect of Service Concession arrangements.

Change Fund

In order to address the scale of the financial challenge the Council is facing in the coming years, Services will be required to change the way they operate. To facilitate this change, investment is required to enable major change initiatives within the Council and balances have been identified for this purpose.

Demographics/Pay/Pensions

There is a known temporary demographics pressure arising in the coming years within secondary school rolls which will be challenging to contain within the resources available. In addition, future pay settlements have yet to be agreed which may lead to further commitments.

Workforce Change

The balance represents the costs in relation to the Council's future strategy of workforce change.

Contribution from Balances

Fife Councils approved Revenue Budget 2024-27 included a commitment of £6.000m which has been used for one-off temporary investment in both 2023-24 and 2024-25.

Other Commitments

This represents a number of other minor commitments against balances.

Insurance Fund - Earmarked

The earmarked balance is held to cover own damage claims and anticipated incurred but not reported (IBNR) claims, In addition, £2.927m is held relating to a settlement received for fire damage incurred at Woodmill High School, Dunfermline which is earmarked as a contribution to the new Dunfermline Learning Campus.

7. Unusable Reserves

2022-23 Restated £m		2023-24 £m
(1,563.236)	Revaluation Reserve	(1,623.598)
0.064	Financial Instruments Revaluation Reserve	0.064
102.468	Pensions Reserve	(49.218)
(1,065.278)	Capital Adjustment Account	(1,145.969)
48.584	Financial Instruments Adjustment Account	45.950
23.399	Employee Statutory Adjustment Account	21.925
(2,453.999)	Total Unusable Reserves	(2,750.846)

Revaluation Reserve

The reserve contains unrealised gains arising from increases in the value of Property, Plant & Equipment and Heritage Assets, and gains accumulated for assets disposed in year transferred to Capital Adjustment Account. The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created.

2022-23 £m		2023-24 £m
(1,387.797)	Balance at 1 April	(1,563.236)
	Revaluation of non-current assets not posted to Surplus/Deficit on Provision of Services	
(267.676)	Upward Revaluation & reversal of impairment losses	(268.943)
51.629	Downward revaluation & impairment losses	169.195
(216.047)		(99.748)
28.736	Revaluation element of depreciation charged to CIES	37.971
11.532	Transfer to Capital Adjustment Account - accumulated gains on assets disposed	0.858
0.340	Transfer to/(from) Common Good Reserves	0.557
(1,563.236)	Balance at 31 March	(1,623.598)

Financial Instruments Revaluation Reserve

The reserve contains unrealised gains or losses made by the Council arising from changes in the fair value of its financial assets which includes the Council's employment land investments with Scottish Enterprise. The balance is reduced when investments are impaired, revalued downward or disposed of and the gains realised.

2022-23 £m		2023-24 £m
0.285	Balance at 1 April	0.064
(0.205)	(Surplus)/Deficit on Financial Instruments Revaluation	0.000
(0.016)	Transfer to Capital Adjustment Account - accumulated gains/(losses) on disposals	0.000
0.064	Balance at 31 March	0.064

Pensions Reserve

The reserve absorbs timing differences arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the CIES as the benefits are earned by employees (e.g. accruing years of service, updating inflation assumptions and investment returns), whereas statutory arrangements require benefits to be financed as the Council makes its contributions to pension funds or pays any pensions for which it is directly responsible. The Pensions Reserve therefore shows the difference in 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.

2022-23 Restated £m		2023-24 £m
531.427	Balance at 1 April	102.468
(519.267)	Actuarial (gains) or losses on pensions assets and liabilities	(141.972)
179.175	Reversal of items relating to retirement benefits charged to CIES	85.125
(88.867)	Employer's pensions contributions & direct payments to pensioners payable	(94.839)
102.468	Balance at 31 March	(49.218)

Capital Adjustment Account

The account absorbs timing differences from accounting for consumption of long-term assets (e.g. depreciation, impairment) and financing the acquisition, construction or enhancement of those assets under statutory provisions.

2022-23		2023-24
£m		£m
(1,033.719)	Balance at 1 April	(1,065.278)
	Reversal of items relating to capital expenditure charged to the CIES:-	
80.558	Depreciation of non-current assets	83.229
6.751	Revaluation & Impairments losses/(gains) on non-current assets	7.335
2.164	(Gains)/Losses on disposal of assets	(0.387)
	Capital financing applied in the year:-	
(74.951)	Capital grants & contributions applied to finance capital expenditure	(104.138)
(43.832)	Statutory provision for the financing of capital investment	(42.153)
43.576	Service Concession Arrangements (see Note 17)	0.000
(32.524)	Capital expenditure charged to General Fund and HRA balances	(23.752)
(1.905)	Adjustment for Capital Fund applied to transformation projects	0.000
(11.532)	Adjusting amounts written out of the Revaluation Reserve	(0.858)
0.016	Adjusting amounts written out of the Financial Instruments Revaluation Reserve	0.000
0.120	Transfer to/(from) Common Good Reserves	0.033
(1,065.278)	Balance at 31 March	(1,145.969)

Financial Instruments Adjustment Account

The account absorbs timing differences for certain financial instruments between the different rates at which gains and losses are recognised under the Code and those to be met from General Fund and Housing Revenue Account balances under statutory requirements. The Council uses the account to manage effective interest rate adjustments and also premiums paid in prior years for the early redemption of loans over the unexpired term outstanding on those loans when they were redeemed - the longest of these terms being up to 2065-66.

2022-23		2023-24
£m		£m
51.150	Balance at 1 April	48.584
	Amount by which costs charged to the CIES are different from costs chargeable in the year in accordance with statutory requirements:-	
(0.021)	Effective Interest Rate - Borrowings Loan Interest	(0.044)
0.036	Effective Interest Rate - Soft Loans	(0.002)
(2.581)	Proportion of prior year early redemption premiums	(2.588)
48.584	Balance at 31 March	45.950
5.069	Borrowing where the loan is a stepped interest rate loan.	5.025
0.085	Loans to third parties granted at less than market interest rates	0.083
43.430	Premiums and discounts associated with the refinancing of loans	40.842
48.584	Balance at 31 March	45.950

Employee Statutory Adjustment Account

The account absorbs the differences that would otherwise arise on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund and HRA balances are neutralised by transfers to or from the account.

2022-23		2023-24
£m		£m
29.523	Balance at 1 April	23.399
(29.523)	Settlement or cancellation of accrual at previous financial year end	(23.399)
23.399	Amounts accrued at the end of the current year	21.925
23.399	Balance at 31 March	21.925

8. Analysis of Income and Expenditure by Segment/Nature

	Employee Expenditure £m	Other Service Expenditure £m	Adjustments between funding & accounting basis			Total Expenditure £m	Fees, Charges & Service Income £m	Grants & Contribution Income £m	Total Income £m	Net Expenditure in the CIES £m
			For Capital Purposes £m	For Pensions £m	Other £m					
2023-24										
Education	358.268	90.222	38.856	(2.045)	(6.456)	478.845	(2.596)	(59.993)	(62.589)	416.256
Health & Social Care	105.374	453.923	6.787	(1.900)	(1.098)	563.086	(255.999)	(82.384)	(338.383)	224.703
Place	155.750	29.969	33.490	(2.913)	(3.617)	212.679	(30.293)	(13.535)	(43.828)	168.851
Finance & Corporate Services	49.431	98.803	5.510	(5.359)	10.123	158.508	(6.586)	(82.389)	(88.975)	69.533
Chief Executive	0.295	0.007	0.000	(0.005)	0.009	0.306	0.000	0.000	0.000	0.306
Communities	45.799	74.354	6.627	(1.608)	(0.146)	125.026	(19.833)	(8.228)	(28.061)	96.965
*Children's Services	39.790	42.258	0.230	0.000	(0.191)	82.087	(0.001)	(11.493)	(11.494)	70.593
Housing Revenue Account	19.719	90.861	13.283	(0.373)	(0.098)	123.392	(138.861)	(0.238)	(139.099)	(15.707)
Loan Charges	0.000	84.046	(42.153)	0.000	(41.893)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(104.800)	4.489	39.259	(61.052)	(189.605)	(779.158)	(968.763)	(1,029.815)
Fife Council-(Surplus)/Deficit for the year	774.426	964.443	(42.170)	(9.714)	(4.108)	1,682.877	(643.774)	(1,037.418)	(1,681.192)	1.685
Subsidiaries	33.237	69.085	1.093	(0.233)	(0.198)	102.984	(99.223)	(5.088)	(104.311)	(1.327)
Less Group Intercompany transactions	0.000	(77.360)	0.277	0.000	0.000	(77.083)	77.083	0.000	77.083	0.000
Group-(Surplus)/Deficit for the year	807.663	956.168	(40.800)	(9.947)	(4.306)	1,708.778	(665.914)	(1,042.506)	(1,708.420)	0.358
2022-23										
Education	332.412	83.718	33.990	21.899	(7.862)	464.157	(2.176)	(60.479)	(62.655)	401.502
Health & Social Care	96.593	487.708	1.416	15.327	(1.731)	599.313	(303.751)	(66.894)	(370.645)	228.668
Place	142.010	31.690	29.522	23.025	(5.419)	220.828	(30.902)	(11.383)	(42.285)	178.543
Finance & Corporate Services	45.723	91.760	4.274	5.170	10.539	157.466	(5.727)	(80.594)	(86.321)	71.145
Chief Executive	0.278	0.005	0.000	0.038	(0.003)	0.318	0.000	0.000	0.000	0.318
Communities	41.510	61.239	9.932	6.580	(1.081)	118.180	(16.838)	(4.956)	(21.794)	96.386
*Children's Services	35.971	35.000	0.055	0.000	(0.207)	70.819	(0.006)	(9.967)	(9.973)	60.846
Housing Revenue Account	17.936	82.879	16.296	2.926	(0.361)	119.676	(131.002)	(0.150)	(131.152)	(11.476)
Loan Charges	0.000	51.714	(12.220)	0.000	(39.494)	0.000	0.000	0.000	0.000	0.000
Other Income and Expenditure (note 9)	0.000	0.000	(71.635)	15.343	36.929	(19.363)	(179.010)	(763.950)	(942.960)	(962.323)
Fife Council-(Surplus)/Deficit for the year	712.433	925.713	11.630	90.308	(8.690)	1,731.394	(669.412)	(998.373)	(1,667.785)	63.609
Subsidiaries	29.745	58.026	(0.321)	5.612	0.428	93.490	(86.287)	(3.723)	(90.010)	3.480
Less Group Intercompany transactions	0.000	(60.369)	1.027	0.000	0.000	(59.342)	59.342	0.000	59.342	0.000
Group-(Surplus)/Deficit for the year	742.178	923.370	12.336	95.920	(8.262)	1,765.542	(696.357)	(1,002.096)	(1,698.453)	67.089

*During 2023-24 Children's Services (disclosed separately above to allow comparison) moved to Communities Directorate from Education & Children's Services.

9. Other Income and Expenditure

2022-23 £m		2023-24 £m
	Other Operating Expenditure	
2.164	(Gains)/losses on the disposal of assets	(0.387)
2.164		(0.387)
	Financing and Investment Income and Expenditure	
39.657	Interest payable and similar charges	40.370
(2.764)	Interest receivable and similar income	(1.109)
15.343	Pensions interest cost & expected return on pensions assets	4.489
0.036	Income & expenditure related to financial instruments and changes in their fair value	(0.002)
52.272		43.748
	Taxation and Non Specific Grant Income	
(178.996)	Council tax income	(189.591)
(179.675)	Non-domestic rates (contribution from National Non Domestic Rates Pool)	(172.108)
(0.014)	Non-domestic rates (Tax Incremental Financing projects)	(0.014)
(584.275)	Non ring-fenced government grants	(607.050)
(73.799)	Capital grants and contributions	(104.413)
(1,016.759)		(1,073.176)

10. Grant and Contribution Income

Whether paid by instalments or in arrears, government grants and third party contributions & 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 that the grant or contribution will be received. They are only credited to Comprehensive Income & Expenditure Statement (CIES) when any conditions are met, but if conditions are not met at financial year end they are held as Receipts in Advance in the Balance sheet. When capital grants are credited to CIES, they are reversed out of General Fund or HRA Balances in Movement in Reserves Statement.

2022-23 £m	Grants and Contributions credited to the CIES (excl non ring-fenced Government Grants)	2023-24 £m
	Credited to Services	
(78.111)	Government Grant: Housing Benefit Subsidy	(80.024)
(66.391)	Government Grants and Contributions: NHS	(83.075)
(87.272)	Government Grants and Contributions: Other	(90.976)
(2.649)	Non-Government Grants and Contributions	(4.185)
(234.423)		(258.260)
	Credited to Taxation and Non Specific Grant Income	
(69.378)	Government Grants and Contributions	(98.238)
(4.421)	Non Government Grants and Contributions	(6.175)
(73.799)		(104.413)

31 March 2023		Receipts in Advance (balances at year end)	31 March 2024	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Receipts in Advance - Revenue		
(7.048)	(4.696)	Government Grants and Contributions	(5.585)	(5.581)
(1.372)	0.000	Non Government Grants and Contributions	(0.326)	0.000
(8.420)	(4.696)		(5.911)	(5.581)
		Receipts in Advance - Capital		
(9.231)	(2.626)	Government Grants and Contributions	(19.800)	(2.069)
0.000	(12.934)	Non Government Grants and Contributions	0.000	(13.006)
(9.231)	(15.560)		(19.800)	(15.075)
(17.651)	(20.256)	Total Receipts in Advance	(25.711)	(20.656)

11. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are 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. The Council has applied Statutory Override 1 in the Local Government Circular 9/2022 which allows Infrastructure assets to be presented as Net Book Value only, and this is reflected below.

Property, Plant & Equipment movements	Council Dwellings £m	Other Land & Buildings £m	Vehicles, Plant & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Infrastructure Assets £m	Total PPE £m	PPP/NPD Assets included in Total PPE £m
2023-24									
Net Book Value at 1 April 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644
Additions	50.778	24.348	10.854	1.482	1.507	122.702	30.393	242.064	0.146
Revaluations & Impairments to Net Cost of Services	0.236	(7.094)	0.000	(0.012)	0.003	0.000	(1.220)	(8.087)	0.000
Revaluations & Impairments to Revaluation Reserve	(21.945)	122.239	0.000	(0.071)	(0.410)	0.000	(0.065)	99.748	40.212
Depreciation	(35.464)	(60.172)	(12.067)	(0.262)	(0.322)	0.000	(12.913)	(121.200)	(7.261)
Disposals	0.000	(0.126)	(0.347)	(0.028)	(0.021)	(0.010)	0.000	(0.532)	0.000
Transfer (to)/from Common Good	0.000	(0.590)	0.000	0.000	0.000	0.000	0.000	(0.590)	0.000
Other Movements	24.082	21.474	0.000	0.164	(4.564)	(42.117)	0.024	(0.937)	0.000
Net Book Value at 31 March 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	347.053	4,003.423	274.741
Gross Book Value	1,126.297	2,279.676	160.936	6.452	26.695	215.470			274.741
Accumulated Depreciation & Impairment	0.000	(30.865)	(117.598)	(0.972)	(0.460)	(9.261)			0.000
Net Book Value at 31 March 2024	1,126.297	2,248.811	43.338	5.480	26.235	206.209	347.053	4,003.423	274.741
2022-23									
Net Book Value at 1 April 2022	1,105.548	1,944.458	42.707	2.857	24.300	69.981	322.476	3,512.327	217.537
Additions	53.750	19.617	14.384	0.746	0.354	79.789	20.718	189.358	(0.044)
Revaluations & Impairments to Net Cost of Services	0.188	(6.934)	0.000	0.000	(0.359)	0.000	0.000	(7.105)	0.000
Revaluations & Impairments to Revaluation Reserve	(31.891)	247.020	0.000	(0.025)	(1.936)	0.000	0.000	213.168	30.584
Depreciation	(36.826)	(47.793)	(12.069)	(0.183)	(0.222)	0.159	(12.360)	(109.294)	(6.433)
Disposals	0.000	(1.505)	(0.124)	0.000	(0.731)	0.000	0.000	(2.360)	0.000
Transfer (to)/from Common Good	0.000	0.082	0.000	(0.052)	(0.490)	0.000	0.000	(0.460)	0.000
Other Movements	17.841	(6.213)	0.000	0.864	9.126	(24.295)	0.000	(2.677)	0.000
Net Book Value at 31 March 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644
Gross Book Value	1,108.610	2,165.492	154.321	4.924	30.482	131.694			241.644
Accumulated Depreciation & Impairment	0.000	(16.760)	(109.423)	(0.717)	(0.440)	(6.060)			0.000
Net Book Value at 31 March 2023	1,108.610	2,148.732	44.898	4.207	30.042	125.634	330.834	3,792.957	241.644

Recognition and De-Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Assets are initially measured at cost, comprising: the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When assets are disposed or decommissioned, the carrying values of those assets in the balance sheet are reduced accordingly and any proceeds from those disposals (less costs of sale) are treated as a capital receipt.

Measurement

Assets are carried in the Balance Sheet using the following measurement bases:-

- Council House Dwellings

Existing Use Value for Social Housing using Beacon approach (adjusted vacant possession)

- Surplus Assets

Fair Value, based on the market approach using current market conditions, recent sales prices and information for similar assets in the Fife area. In estimating fair value, highest and best use of the properties is current use.

- Dunfermline Museum and Art Gallery (included in Other Land & Buildings Assets)

Carnegie Library is an historic building with special features and is the first "Carnegie Library" built with donations from Dunfermline born philanthropist Andrew Carnegie. As such it is valued using reproduction valuation method.

- Other Land & Buildings / Harbours (included in Infrastructure Assets)

Current Value, determined as the amount that would be paid for the asset in its existing use, in accordance with methodologies & bases for estimation in RICS (Royal Institution of Chartered Surveyors) Professional Standards.

- Vehicles, Plant & Equipment / Infrastructure (excl Harbours) / Community Assets / Assets Under Construction
- Historic Cost, net of Depreciation

Revaluations

The Council's rolling valuation programme, undertaken by RICS qualified in-house and external valuers, ensures assets requiring valuation are valued at least every 5 years. Gross Book Values analysed by year of valuation are;

Effective valuation date / Historic Cost (HC)	HC £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
Council Dwellings	0.000	0.000	0.000	0.000	0.000	1,126.297	1,126.297
Surplus Assets	0.900	0.165	4.353	6.079	14.958	0.240	26.695
Other Land & Buildings	42.901	0.622	26.147	2.768	58.988	2,148.250	2,279.676

Land and buildings are two distinct components of individual assets and accounted for separately. If the building component of an asset has a carrying value of over £10 million it is separated into further significant components.

Depreciation

Depreciation and amortisation is applied on a straight line basis on 1 April asset values over their remaining useful lives with significant components depreciated separately. Exceptions are made for assets without a determinable finite useful life (i.e. land) and not yet available for use (i.e. assets under construction). Typical useful lives are:-

Buildings	1 - 99 years	Determined by the valuer
Vehicles, Plant & Equipment	3 - 25 years	Determined by suitably qualified officers
Infrastructure	10 - 99 years	

Impairment

Impairment reviews are undertaken at the end of each financial year to identify if the value of any asset has materially changed in the year and the reasons for that change. Where this is the case, the recoverable amount of the asset is estimated and, if this is less than the carrying amount of the asset, an impairment loss is recognised.

There were 2 impairments made to assets during 2023-24 with a value of £11.425m. The impairments related to Rothesay House which is earmarked for demolition in 2024-25 and Lochgelly South Primary which is not in use.

Accounting Treatment

The CIES is charged with the following amounts relating to Property, Plant & Equipment during the year:

- depreciation and amortisation attributable to the assets used by the relevant service
- revaluation/impairment losses where no accumulated gains in Revaluation Reserve exist to write losses against
- revaluation/impairment gains to extent of previous losses charged to CIES, balance to Revaluation Reserve
- gain or loss arising from de-recognition of an asset

The Council is not required to raise council tax or HRA rents to cover these charges so these are a reconciling item in Movement in Reserves Statement (MIRS) with adjusting transactions in the capital adjustment account.

12. Heritage Assets

Heritage assets are those that are intended to be preserved in trust for future generations, held and maintained principally for their contribution to knowledge and culture. Accounting treatment is the same as for Property, Plant & Equipment assets however they are deemed to have indeterminate lives and high residual values and as such it is considered inappropriate to charge depreciation. The Council has identified Heritage Assets which include works of art, museums collections, historical buildings and archaeological sites.

- The Council has Heritage Assets which have been valued and recognised in the balance sheet, namely; the Council's fine art collections mainly comprising 19th and 20th century oil paintings, and a substantial number of works on paper and a small number of pieces of sculpture were valued in November 2022 by historic and contemporary fine arts specialists, the Scottish Gallery of Edinburgh and; the Council's Provost chains which were valued in December 2022 by leading auction house Lyon & Turnbull of Edinburgh.
- The Council's museums collections were mainly built up in the 20th century by gifts from the public, are diverse in nature with information on individual items variable and are recognised in the balance sheet at insurance value.
- The Council owns a small number of historical buildings and sites however these are not included on the balance sheet as valuation of these assets is neither practicable nor useful to potential users of the accounts.

Individual museums are fully accredited under the Accreditation Scheme administered by Museums Galleries Scotland (An application was made in March 2024 for accredited status for Dunfermline Carnegie Library & Galleries, which has Working Towards Accreditation Status). This sets minimum standards for collections care (including storage, documentation, handling and access). Various plans, such as the Museum Documentation Manual, Collections Care Plan and Document Plans govern the management and preservation of collections. The Museums Collections Development Policy 2019-23, agreed in February 2019 by Community & Housing Services Committee, governs acquisitions and disposals. The Plan and Policy form part of the services agreement between Fife Council and Fife Cultural Trust.

2022-23			Heritage Asset movements during the year	2023-24		
Fine Art £m	Other £m	Total £m		Fine Art £m	Other £m	Total £m
20.005	8.247	28.252	At 1 April	22.504	8.628	31.132
0.000	0.001	0.001	Additions	0.000	0.000	0.000
2.499	0.380	2.879	Revaluations	0.000	0.000	0.000
22.504	8.628	31.132	At 31 March	22.504	8.628	31.132

13. Assets Held for Sale

Current Assets Held for Sale are those that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within 12 months of the balance sheet date. The Council has no non-current Assets Held for Sale (sale expected to be realised over 12 months).

The assets are measured at lower of carrying value and fair value (less costs to sell). If assets no longer meet the Held for Sale criteria, they are classified as Property, Plant & Equipment and valued at lower of; carrying value immediately before being classified as Held for Sale; and recoverable amount at date of the decision not to sell.

Accounting treatment is the same as Property, Plant & Equipment with exceptions that no depreciation is charged, and **all** revaluation gains/losses are charged to CIES (gains limited to extent of previous losses to CIES).

2022-23 £m	Assets Held for Sale movements during the year	2023-24 £m
11.078	At 1 April	1.666
0.354	Revaluation gains/(losses)	0.752
2.677	Assets transferred (to)/from Property, Plant & Equipment	0.937
(12.443)	Assets sold	(2.650)
1.666	At 31 March	0.705

14. Intangible Assets

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the Council. The Council's Intangible assets are software assets which are not an integral part of IT systems within Property, Plant & Equipment (PPE). Accounting treatment of Intangible assets is the same as for PPE assets.

2022-23 £m	Intangible Assets movements during the year	2023-24 £m
	Balance at 1 April	
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Net carrying amount at start of year	0.000
0.000	Movements in year	0.000
0.000	Net carrying amount at end of year	0.000
1.302	Gross carrying amounts	1.302
(1.302)	Accumulated amortisation	(1.302)
0.000	Balance at 31 March	0.000

15. Capital Expenditure and Capital Financing

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically that has yet to be financed. Shown below is capital expenditure in the year, the resources used to finance that expenditure and repayment of Loans Fund principal (relating to outstanding debt from prior years), which all impact on the CFR. Also shown are material capital contract commitments at 31 March which will impact on future year's CFR.

2022-23 £m	Capital Financing Requirement movements during the year	2023-24 £m
1,133.121	At 1 April	1,200.052
	Capital investment:-	
189.358	Property, Plant and Equipment	242.064
0.001	Heritage Assets	0.000
0.003	Financial Instrument Investments	0.009
	Sources of finance:-	
(14.700)	Capital receipts	(3.569)
(74.951)	Government grants and other contributions	(104.138)
(32.524)	Direct revenue contributions	(23.752)
(43.832)	Loans Fund principal repayments	(42.153)
43.576	Service Concession Arrangements (see note 17)	0.000
1,200.052	At 31 March	1,268.513
785.890	Capital Financing Requirement - General Fund	830.523
414.162	Capital Financing Requirement - Housing Revenue Account	437.990
1,200.052	At 31 March	1,268.513
70.133	Capital Contract Commitments at 31 March - Property, Plant & Equipment	126.229

16. 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.

Finance Leases

• Leased in Assets

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors. The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Comprehensive Income & Expenditure Statement (CIES) on a straight line basis over its useful life, or the lease term if this is shorter.

Fife Council has a lease agreement with Common Good to manage various land and buildings assets which are used and actively managed by the Council but whose ownership has been confirmed as Common Good. The agreement is on a full repairs basis by the Council at a peppercorn rental (i.e. a rent at very low or nominal value). These lease arrangements are reflected in the Common Good balance sheet as a long term debtor representing the net investment in these leases which is equivalent to the value of the assets at the balance sheet date. At 31 March 2024 this value was £218.429m, (31 March 2023, £163.221m).

There are no other finance lease agreements included in the Council's balance sheet at 31 March 2024.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on finance lease assets and these are therefore a reconciling item in the Movement in Reserves Statement with the Capital Adjustment Account. Instead, a prudent annual provision is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

• Leased out Assets

The Council has no finance leases agreements as a lessor in place at 31 March 2024.

Operating Leases

• Leased in Assets

The Council has a number of operating leasing agreements in place for land, buildings, vehicles & equipment. Rentals paid under these are charged to the CIES as an expense of the services benefitting from use of the lease.

2022-23 £m	Future minimum lease payments due at 31 March under non-cancellable leases in future years:-	2023-24 £m
1.502	Not later than one year	0.719
1.257	Later than one year and not later than five years	1.085
7.224	Later than five years	7.086
9.983	Total	8.890

2022-23 £m	Expenditure charged to the CIES during the year in relation to these leases:-	2023-24 £m
1.483	Minimum lease payments	1.409
0.000	Contingent rents	0.000
1.483	Total	1.409

• Leased out Assets

The Council leases out property for a number of purposes. These are mainly to support economic growth by providing industrial and commercial lets at affordable levels for local business and to facilitate the provision of community, arts and tourism facilities within local communities. Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

2022-23 £m	The future minimum lease payments at 31 March receivable in future years are:-	2023-24 £m
3.349	Not later than one year	3.737
8.569	Later than one year and not later than five years	8.384
73.296	Later than five years	72.015
85.214	Total	84.136

17. Public Private Partnerships (PPP) and Non-Profit Distribution (NPD) contracts

PPP and NPD contracts are agreements to receive services where responsibility for making assets available to provide the services passes to the PPP/NPD operator. As the Council is deemed to control the services provided and as ownership of the assets passes to the Council at the end of the contract periods for no additional charge, assets are carried on the Council Balance Sheet and are detailed in the Property, Plant & Equipment Note to these accounts. Fife Council has three such contracts in place for construction and servicing of certain facilities.

- **PPP1 (A New Way Forward)**-replacement of 2 secondary schools, a new primary school, sports hall and all weather pitch, which were fully operational from August 2003 under contract operator Pinnacle Schools Fife Ltd.
- **PPP2 (Expanding Horizons)**-construction of 3 new primary schools and a community facility, replacement of 3 primary schools and a new combined campus to replace 2 further primary schools. These were fully operational in June 2007 under contract operator Emblem Consortium.
- **NPD (Levenmouth Academy)**-construction of a new school which was operational in August 2016 under contract operator HUB East Central Scotland Ltd. Unlike PPP, the funding of the NPD project is entirely from borrowing, there is no equity element and therefore no distribution of surpluses at the contract end to investors.

The contracts allow the Council to use the facilities for Education and Community use and gives the right for the Council to vary the contracts in terms of changes to facilities, services to be provided and hours of use, they also include refinancing and termination mechanisms. The contract operators have obligations to maintain the assets to a high standard, to undertake any lifecycle replacement and to hand back the assets in a good condition. The facilities are passed back to the Council at the end of the contract periods (in 2028, 2032 and 2042 respectively).

For all three contracts, annual unitary charges (calculated to compensate operators for fair value of services provided, capital expenditure and interest charges) are payable by the Council to the operator over the contract period and are subject to annual indexation uplifts but can be reduced if the operator fails to meet availability and performance standards. The charges are partly offset by annual Scottish Government Grant support. The Council holds the outstanding capital expenditure element of the contracts as a liability on its Balance sheet.

2022-23		Annual Unitary Charge payments and Scottish Government Grant support	2023-24	
Unitary charge £m	Grant support £m		Unitary charge £m	Grant support £m
8.475	(3.680)	PPP1	9.527	(3.680)
8.961	(4.168)	PPP2	9.645	(4.168)
3.958	(3.212)	NPD	4.102	(3.212)
21.394	(11.060)		23.274	(11.060)
Outstanding Liability on Balance Sheet				
81.861		1 April		76.230
(5.631)		Capital Repayments during the year		(6.938)
76.230		31 March		69.292

The annual unitary charge payments are analysed into elements which determine the accounting treatment.

Service costs are Fair Value of Services received charged to Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and Lifecycle Replacement Costs posted as additions to Property, Plant & Equipment when work is undertaken; **Capital Repayment** is applied to write down the outstanding Balance Sheet liability; **Finance costs** are Interest Charges (on outstanding liability) and Contingent Rent (contract increases arising during the contract period) both charged to CIES (Financing and Investment Income & Expenditure).

Contract payments remaining to be made at 31 March 2024 (using 2.5% indexation excl availability/performance deductions)	Service Costs £m	Capital Repayment £m	Finance Costs £m	Total £m
Payable in 2024-25	9.281	7.136	6.271	22.688
Payable within two to five years	41.004	27.790	16.743	85.537
Payable within six to ten years	25.497	20.197	10.956	56.650
Payable within eleven to fifteen years	9.735	8.935	2.921	21.591
Payable within sixteen to twenty years	4.294	5.234	0.577	10.105
Total	89.811	69.292	37.468	196.571

Scottish Government Service Concession Arrangements flexibilities were applied by the Council in 2022-23. This allowed capital debt repayments on PPP & NPD contracts to be reprofiled resulting in a £43.576m one-off benefit in 2022-23 and ongoing annual savings until the end of each contract. Unitary charge repayments to contractors are made until the end of the contract periods however, after the contract end dates, reprofiled debt repayments continue to be charged to General Fund annually until the debt liability has been extinguished.

18. Inventories

Stores / Raw Materials £m	2022-23		Movement in Inventories (measured at lower of cost and net realisable value)	Stores / Raw Materials £m	2023-24	
	Equipment Stock £m	Total £m			Equipment Stock £m	Total £m
4.049	0.335	4.384	Opening Balance 1 April	4.167	0.504	4.671
20.815	1.446	22.261	Purchases	23.005	1.798	24.803
(20.811)	(1.277)	(22.088)	Recognised as in-year expense	(22.915)	(1.827)	(24.742)
0.114	0.000	0.114	Stock adjustments-write on/(off)	0.380	0.000	0.380
4.167	0.504	4.671	Balance 31 March	4.637	0.475	5.112

19. Short Term Debtors and Creditors

31 March 2023		Short Term Debtors and Creditors (after provision for impairment)	31 March 2024	
Debtors £m	Creditors £m		Debtors £m	Creditors £m
35.838	(17.815)	Central Government bodies	40.041	(19.160)
30.408	(0.788)	Local Taxation (Council Tax & Non-Domestic Rates)	33.298	(0.671)
0.130	(38.995)	Employees (Pay & Holiday Pay Accruals)	0.341	(22.535)
16.220	(40.829)	Financial Assets and Liabilities (see Note 21)	18.877	(29.683)
0.000	(35.451)	Integration Joint Board (IJB)	0.000	(2.495)
22.691	(28.934)	Other Entities and Individuals	34.049	(36.256)
105.287	(162.812)		126.606	(110.800)
		Local Taxation Debtors analysed by age of debt		
5.129		Up to 1 Year	7.884	
14.300		1-5 Years	13.750	
10.979		Greater than 5 Years	11.664	
30.408			33.298	

20. Provisions

Provisions are based on the Council's obligations arising from past events, probability that transfer of economic benefit or service potential will take place and reliable estimate of the obligation. Provisions are charged to the relevant service in the CIES when the obligation becomes known and reviewed at each balance sheet date.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. insurance claims) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be made if the Council settles the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Where it becomes less than probable that a provision is required (or lower settlement than anticipated is made), it is reversed and credited back to the relevant service.

	Expenses Awards £m	Dilapidations £m	Insurance Claims £m	Asset Decomm. £m	Total £m
1 April 2023	0.000	(0.700)	(7.781)	(6.217)	(14.698)
Additional provisions made	(0.150)	0.000	(1.949)	(0.200)	(2.299)
Amounts used	0.000	0.700	1.362	0.000	2.062
Unused amounts reversed	0.000	0.000	0.000	0.000	0.000
Unwinding of discounting	0.000	0.000	(0.175)	(0.042)	(0.217)
31 March 2024	(0.150)	0.000	(8.543)	(6.459)	(15.152)
Short-Term Provisions	(0.150)	0.000	0.000	0.000	(0.150)
Long-Term Provisions	0.000	0.000	(8.543)	(6.459)	(15.002)
Balance 31 March 2024	(0.150)	0.000	(8.543)	(6.459)	(15.152)

- Expenses Awards - expected awards against the Council as a result of legal decisions.
- Dilapidations - costs related to New City House in Dunfermline
- Insurance Claims - all known outstanding third party claims.
- Asset Decommissioning - expected future obligations for landfill site aftercare at Lochhead and Lower Melville Wood (when they reach the point of closure) and for the closed site at Balbarton.

21. Financial Instruments

Financial instruments are contracts which create a financial asset in one entity and a financial liability in another.

31 March 2023		Financial Instruments in the Balance Sheet	31 March 2024	
Short Term £m	Long Term £m		Short Term £m	Long Term £m
		Investments		
0.000	2.747	Employment Land	0.000	2.756
0.000	2.747		0.000	2.756
		Other Financial Assets		
1.039	5.649	Loan Debt - Police and Fire Authorities	1.065	4.583
0.009	0.101	Loan Advances - Soft Loans	0.011	0.100
15.172	0.000	Trade Debtors	17.801	0.000
16.220	5.750		18.877	4.683
		Borrowings		
(35.426)	(551.388)	Loans - Public Works Loan Board (PWLB)	(12.079)	(779.309)
(1.000)	(309.550)	Loans - Money Market	0.000	(182.450)
(22.000)	0.000	Loans - Temporary Short Term	(130.000)	0.000
(10.234)	0.000	Loan Interest	(13.783)	0.000
(0.080)	(4.989)	Loan Liability - Effective Interest Rate (EIR)	(0.082)	(4.943)
(68.740)	(865.927)		(155.944)	(966.702)
		Other Financial Liabilities		
(6.938)	(69.292)	PPP, NPD and finance lease liabilities	(7.136)	(62.156)
(33.891)	0.000	Trade Creditors (at contract amount)	(22.547)	0.000
(40.829)	(69.292)		(29.683)	(62.156)

Employment Land Investments and Soft Loans advances (above) are held in the Balance sheet at fair value. Other assets and liabilities are held at amortised cost or, where no reliable measurement exists, measured at cost.

Investments

The Council is party to Employment Land investments with Scottish Enterprise. Market conditions show that similar assets are actively sold so these are valued at Level 2 of the Fair Value hierarchy. Valuation changes are shown in Comprehensive Income & Expenditure Statement (CIES) & Financial Instruments Revaluation Reserve.

Other Financial Assets

The Council has loan debt due from Scottish Police & Fire Authorities, recognised in 2013 when the services were transferred from the Council, repayable annually until 2037; soft loans (below market rate of interest) to employees valued using observable inputs and therefore at Level 2 of the Fair Value Hierarchy; and trade debtors. Interest receivable is based on an effective rate of interest for each instrument and credited to CIES. For soft loans, a higher rate of interest is credited (reflecting interest foregone over the life of the loan) with transfers to Financial Instruments Adjustment Account to ensure only interest receivable impacts on Council Balances. Any gains and losses from de-recognition or impairment of loans & receivables are also charged to CIES.

Borrowings

Borrowing from the PWLB, Money Market & Temporary Loans is held at amortised cost. Fair Value of these loans was assessed and is lower than amortised cost, as the Council's portfolio of loans includes fixed rate loans where interest payable was lower than market rates available on similar loans in the market at the balance sheet date.

2022-23 £m	PWLB and Money Market Loans	2023-24 £m
897.364	Carrying Value (amortised cost) at balance sheet date	973.838
788.401	Fair Value at balance sheets date	810.338
33.254	Interest on borrowings charged to CIES in the year	32.763

The Council has modified the structure of its Loan Debt in previous years and costs of this restructuring are added to amortised cost as an EIR liability written down over the life of the debt. The Impact on Balances is spread over the life of the debt by an annual transfer between General Fund and Financial Instruments Adjustment Account.

Other Financial Liabilities

Liabilities include PPP, NPD & finance lease liabilities (detailed in Note 17 of these accounts) and trade creditors.

22. Nature and Extent of Risks Arising from Financial Instruments

The Council's treasury management policies operate to minimise exposure to the unpredictability of the financial markets and protects the financial resources available to fund services. The Council has formally adopted the CIPFA Code of Practice on Treasury Management and, in accordance with the Prudential Code for Capital Finance in Local Authorities, approved annually prudential and treasury indicators for the following three years.

Liquidity and Re-Financing Risk

There is no significant risk that the Council will be unable to raise finance to meet its commitments, as borrowing is readily available from PWLB, but there is a risk that it will be bound to replenish a significant proportion of debt in a time of unfavourable interest rates. The Council's treasury management indicators provide maximum limits for maturity structure of borrowings and investments maturing beyond one year, and its Borrowing & Investment Strategy addresses the main risks by monitoring maturity profiles of financial liabilities and investments, and amending (by new borrowing or rescheduling debt) to ensure sufficient liquidity is available for daily cash flow.

Maturity Analysis of Financial Liabilities	PWLB & Money Market £m	Temp Loans & Interest £m	EIR Loan Liability £m	Total £m	Maturity Profile %
Less than one year	12.079	143.783	0.082	155.944	13.89%
Between one and two years	18.055	0.000	0.039	18.094	1.61%
Between two and five years	76.922	0.000	0.148	77.070	6.87%
Between five and ten years	105.087	0.000	0.286	105.373	9.39%
Ten years or more	761.695	0.000	4.470	766.165	68.24%
Total	973.838	143.783	5.025	1,122.646	100.00%

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

Credit Risk

Credit risk from financial instruments arises from the deposits placed with banks and financial institutions, loans to other Local Authorities and credit exposures to the Council's customers. The Council's policy for managing credit risk is outlined in the its Treasury Management Policy. Deposits are not made with banks and financial institutions unless they satisfy a minimum rating set by each of three leading credit agencies.

Loss allowances from credit risk, based on experience of default and uncollectability is shown below. The majority of debt is past its due date for payment as the Council's payment policy is 14 days from the invoice date.

Analysis of Trade Debtors	Within 3 months £m	3 - 6 months £m	6 - 12 months £m	Beyond 12 £m	Total £m	Loss Allowance £m	Net Total £m
31 March 2024	9.360	1.800	3.732	8.962	23.854	(6.053)	17.801
31 March 2023	7.431	1.123	3.278	8.791	20.623	(5.451)	15.172

Market risk

The Council is exposed to interest rate movements on borrowings and investments which have a direct impact on General Fund or HRA balances. e.g. an increase in interest rates would increase interest payable on variable borrowings and increase interest receivable on investments (if rates reduce the reverse applies). Borrowings are held at amortised cost, so gains and losses to fair value from a change in interest rates will not have an impact.

The Council's Treasury Management Policies manage interest rate exposure by limiting the amount of borrowing held at variable rates to 75% of it's total portfolio. In previous years loans have been restructured into "variable structure" debt and risk is managed within the contracts as they are Lender Option Buyer Option (LOBO) loans where interest rates can only be reviewed on certain anniversary dates. If the Lender wishes to exercise their option to increase the rate on those dates, the Borrower can exercise their option to repay the loan.

2022-23 £m	Impact of 1% increase in interest rate (assuming all other variables are constant)	2023-24 £m
0.080	Increase in Interest Payable	0.890
(1.666)	Increase in Interest Receivable	(0.884)
(1.586)	Net impact on the CIES	0.006

The Council does not invest in equity shares and has no financial asset or liabilities denominated in foreign currencies and therefore is not exposed to losses from share price or exchange rate movements.

23. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is accounted for as a defined contribution scheme as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, include the payments made by the Council to the scheme in year but do not reflect estimated pension assets or liabilities. The Council is however responsible for additional benefits awarded upon early retirement outwith the terms of the teachers' scheme which are accounted for on a defined benefit basis and included in the Defined Benefit Retirement Schemes Note.

2022-23 £m	Teachers' Retirement Benefits	2023-24 £m
36.727	Amounts due to Scottish Public Pensions Agency for Teachers' Pensions	44.297
4.409	Early Retirement Benefits outside the terms of the Teachers' Scheme	4.686

24. Defined Benefit Retirement Schemes

As part of the terms and conditions of employment of its workforce, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement. The Council participates in the following employment schemes:-

- The Local Government Pension Scheme, administered locally by Fife Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement 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 pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

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, in accordance with accounting regulations, the amount to be funded by council tax or HRA rents is based on benefits payable in the year, so an adjustment is made to General Fund / HRA balances in the Movement in Reserves Statement.

2022-23 Restated Fife Council £m		Group £m	2023-24 Fife Council £m		Group £m
Comprehensive Income & Expenditure Statement (CIES)					
Cost of Services:-					
158.379	167.703		77.637	82.442	
5.453	5.796		2.999	2.999	
Financing and Investment Income and Expenditure:-					
97.384	102.325		119.276	125.072	
0.000	0.000		25.577	27.884	
(82.041)	(86.906)		(140.364)	(148.743)	
179.175	188.918		85.125	89.654	
(519.267)	(526.012)		(141.972)	(146.319)	
(340.092)	(337.094)		(56.847)	(56.665)	
Movement in Reserves Statement					
(179.175)	(188.918)		(85.125)	(89.654)	
Amounts charged for pensions in the year against Balances:-					
81.782	86.086		87.332	92.066	
7.085	7.111		7.507	7.535	
(90.308)	(95.721)		9.714	9.947	

Contributions expected to be made to the funded plan in financial year 2024-25

76.569	80.628
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Value of Plan Assets and Liabilities

2022-23 Restated				2023-24	
Fife Council £m	Group £m			Fife Council £m	Group £m
3,029.060	3,206.354	Fair Value of Plan assets at 1 April		2,943.504	3,118.331
82.041	86.906	Interest Income on Plan Assets		140.364	148.743
19.879	21.079	Participants Contributions		21.286	22.635
81.782	86.086	Employers contributions		87.332	92.066
(78.304)	(80.931)	Benefits paid		(97.848)	(101.441)
(7.085)	(7.111)	Unfunded benefits paid		(7.507)	(7.535)
7.085	7.111	Contributions in respect of unfunded benefits paid		7.507	7.535
(190.954)	(201.163)	Return on assets excluding amounts included in net interest		60.630	62.134
2,943.504	3,118.331	Balance at 31 March		3,155.268	3,342.468
(3,560.487)	(3,738.573)	Present Value of Plan liabilities at 1 April		(2,507.511)	(2,628.026)
(158.379)	(167.703)	Current Service Cost		(77.637)	(82.442)
(5.453)	(5.796)	Past Service Cost (including curtailments)		(2.999)	(2.999)
(97.384)	(102.325)	Interest Cost on defined benefit obligation		(119.276)	(125.072)
(19.879)	(21.079)	Participants Contributions		(21.286)	(22.635)
78.304	80.931	Benefits paid		97.848	101.441
7.085	7.111	Unfunded Benefits paid		7.507	7.535
1,391.043	1,469.255	Remeasurement: Change in financial assumptions		99.285	106.632
26.640	27.856	Remeasurement: Change in demographic assumptions		53.739	56.630
(169.001)	(177.703)	Remeasurement: Other experience		(232.248)	(245.709)
(2,507.511)	(2,628.026)	Balance at 31 March		(2,702.578)	(2,834.645)
0.000	0.000	Unrecognised Pension Surplus at 1 April		(538.461)	(592.233)
(538.461)	(592.233)	Movement in Unrecognised Pension Surplus		134.989	138.748
(538.461)	(592.233)	Balance at 31 March		(403.472)	(453.485)
(102.468)	(101.928)	Net Asset / (Liability)		49.218	54.338
2,943.504	3,118.331	Fair value of Plan Assets		3,155.268	3,342.468
(2,405.043)	(2,524.916)	Present value of funded liabilities		(2,603.241)	(2,734.669)
(102.468)	(103.110)	Present value of unfunded liabilities		(99.337)	(99.976)
(538.461)	(592.233)	Unrecognised Pension Asset		(403.472)	(453.485)
(102.468)	(101.928)	Net Asset / (Liability)		49.218	54.338

31 March 2023				Fair Value of Plan Assets at bid value (under accounting standard IAS19)	31 March 2024			
Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%		Prices Quoted in Active Markets £m	Prices not Quoted in Active Markets £m	Total £m	%
523.022	0.000	523.022	17%	Equity Securities	569.998	0.000	569.998	19%
				Debt Securities				
0.000	64.393	64.393	2%	• Corporate Bonds	0.000	63.360	63.360	2%
0.000	360.017	360.017	12%	• UK Government	0.000	452.262	452.262	14%
0.000	0.317	0.317	0%	• Other	0.000	0.229	0.229	0%
0.000	0.000			Real Estate				
156.325	15.489	171.814	6%	• UK Property	146.861	22.679	169.540	5%
				Investment Funds & Unit Trusts				
942.384	0.000	942.384	32%	• Equities	984.116	0.000	984.116	31%
289.201	0.000	289.201	10%	• Bonds	291.220	0.000	291.220	9%
0.000	424.972	424.972	15%	• Infrastructure	0.000	527.910	527.910	17%
0.115	0.000	0.115	0%	Derivatives	(0.001)	0.000	(0.001)	0%
167.269	0.000	167.269	6%	Cash & Cash Equivalents	96.634	0.000	96.634	3%
2,078.316	865.188	2,943.504	100%	TOTAL	2,088.828	1,066.440	3,155.268	100%

Only Fife Council figures are shown above as other Group bodies are prepared using accounting standard FRS102.

Basis for estimating assets and liabilities

Liabilities are assessed on an actuarial basis using the projected unit credit method, an estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the LGPS and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. Estimates are based on the 2024 valuation and assumptions vary depending on age profile of scheme members for each employer within the Council Group.

Fife Council	2022-23		Principal Assumptions used	Fife Council	2023-24	
	Fife Council	Group bodies (range)			Fife Council	Group bodies (range)
			Mortality-Longevity at age 65 (years)			
20.0	20.0		Men (current pensioners)	20.0	18.9 - 20.6	
21.1	21.1		Men (future pensioners)	21.1	20.1 - 21.3	
22.9	22.9		Women (current pensioners)	22.9	23.1 - 23.9	
24.9	24.9		Women (future pensioners)	24.9	23.2 - 25.0	
			Financial			
2.95%	2.95% - 3.00%		Rate of increase in pensions	3.00%	2.75% - 2.80%	
3.45%	3.45% - 3.50%		Rate of increase in salaries	3.50%	3.25% - 3.30%	
4.75%	4.75%		Rate for discounting scheme liabilities	4.75%	4.80% - 4.85%	

A commutation allowance is also included for all employers for 70% (2022-23, 50%) of future retirements to exchange pension for additional tax-free cash up to HMRC limits.

25. Agency Income and Expenditure

Agency arrangements operate in some services where the Council undertakes work on behalf of other Local Authorities, Government or other public bodies. Expenditure and income relating to this work is excluded from the Comprehensive Income and Expenditure Statement because it is not part of the Council's responsibilities.

- The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2023-24 the Council transferred £69.661m (2022-23 £65.747m) to Scottish Water.

26. Financial Guarantees

The Council has formal guarantees and arrangements in place for subsidiary bodies within the Council's Group;

- A pension guarantee, approved by the Council in September 2015, with Business Gateway Fife which ensures that if the company were unable to continue as active members of the pension scheme and their assets and liabilities would be pooled with Fife Council's within the Pension Fund.
- Two financial guarantees which relate to CIRECO Scotland Ltd in respect of any defaults on energy from waste agreements which enable the diversion of waste from landfill. These are; Earls gate site £5.280m, which is now accepting waste (approved by the Council in April 2018); and Westfield site £11.899m due to open in October 2024 (approved by the Council in May 2019).
- The Council also issued letters of comfort to Fife Sports & Leisure Trust, Fife Cultural Trust and Fife Resource Solutions LLP to confirm the Council's commitment to the ongoing financial sustainability of those bodies.

In addition, the Council agreed in January 2020, to provide a pensions arrangement for small employers who wished to exit the Fife Pension Fund. Six employers elected to take advantage of this proposal and have subsequently ceased participation in the scheme. The Council, as an Employer, has taken on the pension assets and liabilities of these employers which could result in increased liabilities depending on the future performance of the Fund.

27. Group & Related Parties

Group accounts are required to be prepared where the Council has material interests in other organisations which can be classified as subsidiaries, joint ventures or associates in line with the level of control that the Council exerts.

Subsidiaries

Subsidiaries are independent bodies over which the Council is considered to have control. The following Subsidiaries have been identified and are included in the Group accounts where material.

Payments from Fife Council £m	2022-23 Fife Council balances at 31 March			2023-24 Fife Council balances at 31 March		
	Debtors £m	Creditors £m		Payments from Fife Council £m	Debtors £m	Creditors £m
			Included in Group Accounts			
4.122	0.474	0.395	Fife Sports and Leisure Trust	5.831	0.260	0.274
1.915	0.027	0.424	Fife Coast & Countryside Trust	2.772	0.027	0.424
8.605	0.088	0.075	Fife Cultural Trust	9.846	0.132	0.029
0.702	0.002	0.000	Fife Golf Trust	0.807	0.087	0.000
22.092	1.667	0.760	Fife Resource Solutions LLP	25.300	5.615	1.606
0.007	0.001	0.008	CIRECO (Scotland) Ltd	0.000	0.000	0.000
2.619	0.003	0.004	Business Gateway Fife	1.583	0.003	0.007
40.062	2.262	1.666		46.139	6.124	2.340
			Not included in Group Accounts (due to materiality levels)			
0.000	0.000	0.000	Sustainability Fife Ltd	0.000	0.000	0.000

Fife Sports & Leisure Trust is a company limited by guarantee with charitable status set up on 1 April 2008 to provide sport & leisure activities in Fife through 14 leisure facilities leased from the Council. The Council pays a management fee to the Trust and is represented on the Board of Directors by 6 board members.

Fife Coast & Countryside Trust is a company limited by guarantee with charitable status set up on 31 July 2006 providing countryside activities in Fife for the Council and partners including Scottish Natural Heritage. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Golf Trust is a company limited by guarantee with charitable status set up on 1st April 2011. The Trust provides golf across Fife through 7 golf courses which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Cultural Trust is a company limited by guarantee with charitable status set up on 1 October 2012 to provide arts, culture and entertainment across Fife, through library and museum services, an Arts Development service and management & operation of 4 theatre facilities, which are owned by the Council and leased to the Trust. The Council pays a management fee to the Trust and is represented on the Board of Directors by 4 board members.

Fife Resource Solutions Limited Liability Partnership was established on 1 April 2014 between Fife Council and Sustainability Fife Ltd to provide Waste Treatment & Disposal, Collection of Commercial & Industrial Waste, Waste Haulage & Transfer, Recycling Facilities, Energy Generation & Supply and related Consultancy Services. The Council pays a management fee and is represented on the Board of Directors by 5 board members.

CIRECO (Scotland) Ltd was established (as Resource Efficient Solutions Limited Liability Partnership) on 1 April 2014 as a partnership between Fife Council and Fife Resource Solutions LLP to develop new income streams predominantly from provision of waste disposal, collection of commercial & industrial waste to external customers and provision of consultancy services. The Council is represented on the Board of Directors by 5 board members.

Business Gateway Fife is a company limited by guarantee established as a joint venture between Fife Council and Scottish Enterprise to deliver support to start up and existing small businesses in Fife. The Council is now the sole owner, providing funding for financial assistance to small businesses, operational funding and a contribution to the Business Gateway delivery contract, and is represented on the Board of Directors by 2 board members.

Sustainability Fife Ltd is wholly owned by the Council and established to form a partnership with the Council to create Fife Resource Solutions LLP. The Council is represented on the Board of Directors by 5 board members.

Joint Ventures

Joint ventures are arrangements where the parties who have joint control of the arrangement have rights to its net assets. The Council has one Joint Venture, the **Fife Integration Joint Board (IJB)**.

The IJB, established on 3 October 2015 as a Joint Venture with NHS Fife, is responsible for planning, operational oversight and management of Integrated Health & Social Care services. The Council's share of IJB reserves at 31 March 2024 is £2.365m (31 March 2023 £18.860m) which is included in the Council's accounts on an equity basis. Further details are shown under material items in the Comprehensive Income & Expenditure Statement.

Associates

Associates are bodies which the Council has significant influence over, but do not meet criteria of Joint Ventures or Subsidiaries. The following Associate was identified but not included in Group accounts due to materiality.

Fife Environment Trust is a company which distributes locally generated landfill tax monies to environmental and community projects eligible under Scottish Landfill Communities Fund requirements. The Council has 2 of the 6 Board members and in 2023-24 the Council and its Group contributed £0.591m (2021-22 £0.879m).

Other Related Parties

The Council transacts with 'related parties' on a regular basis i.e. 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 to bargain freely with the Council.

Scottish Government

The Scottish Government has effective control over the general operations of the Council. It provides 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 transactions that the Council has with other parties (e.g. council tax, housing benefits). Grants received from government departments are shown in the Grant Income note to these accounts.

Members and Officers of the Council

In addition to Subsidiaries and Associates, elected members have registered interests in other bodies where the Council does not have significant influence over their operations. In 2023-24 the Council and its Group made material payments (>£0.100m) to 22 of these bodies totalling £8.478m. The members' register of interests can be found here: [Fife.gov.uk / politicians and committees / your local councillors](https://fife.gov.uk/politicians-and-committees-your-local-councillors)

The Council's senior officers (detailed in Remuneration Report) have control over its financial & operating policies. There were no material payments to bodies where senior officers have a registered interest but members do not.

Other Organisations

The Council has interests in other bodies in collaboration with other local authorities, but are not Associates as the Council either has no significant influence, or does not invest in those bodies. These include SESTRan (South East of Scotland Transport Partnership), Tay Bridge Joint Board and Scotland Excel. Payments made to these bodies are included in Members and Officers section above where material.

Local Government Pension Fund

Fife Council acts as the administering Authority for the Fife Pension Fund which is a Local Government Pension Scheme and a statutory scheme established by the Superannuation Act 1972. The Fund covers employees and pensioners of Fife Council and also a number of scheduled and admitted bodies but does not include Teachers. The Fife Pension Fund accounts are not part of the Council's accounts but subject to separate audit, and can be found here: [Fife.gov.uk / Budgets and Finance / Annual Accounts](https://fife.gov.uk/budgets-and-finance/annual-accounts)

2022-23		2023-24
£m		£m
1.775	Charges to the Pension Fund for support services related to administration	2.063
81.180	Employers' contribution paid to the Pension Fund	88.747
19.734	Employee's contributions collected and paid to the Pension Fund	21.473

External Audit

The agreed external audit fee for 2023-24 was £0.688m for work undertaken in accordance with the Code of Audit Practice (2022-23, £0.648m).

28. Contingent Assets and Liabilities

Contingent assets or liabilities arise where an event occurs that gives the Council a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within control of the Council. Contingent liabilities also arise 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 obligation cannot be measured reliably.

At 31 March 2024 the Council has no contingent assets but has the following contingent liabilities: -

- **Workforce Change:** The Council has developed a strategy which would result in an FTE staff reduction of approximately 2,300 at an estimated cost of £76.000m over the 18 year period (2010-11 to 2027-28). Included in the 2023-24 accounts are costs totalling £0.350m for 17 staff. There is significant uncertainty over the extent of employee reductions required over the next 4 years although it is estimated at approximately £15.000m for under 500 staff and no provision has been made for this contingency.
- **Scottish Child Abuse Inquiry:** This Inquiry was set up in October 2015 to examine the abuse of children in care from the 1930's to the present day. Fife Council have 4 establishments included in the list of Institutions being investigated along with investigations into Foster Care, Child Migrant, and a few individuals. The Council have received claims for £3.300m, however there is potential for more as the time bar has been removed for cases where the abuse occurred post September 1964. The introduction of Qualified One-Way Cost Shifting in 2021 removed the risk of the claimant having to pay defenders expenses if their claim is unsuccessful and therefore this will further open the possibility of new cases or re-submissions of those which were rejected due to the time bar. It is not possible to determine exact timing or value of any future claims.
- **Equal Pay:** An Employment Tribunal which sat in January 2023 published their judgment in July 2023. Their view is that Fife Council's Job Evaluation Scheme does not meet the requirement set out in section 131 (6)(b) of the Equality Act 2010 in respect of the named evaluations. This has been determined on the basis that the Tribunal has reasonable grounds for suspecting that the claimant and comparator evaluations are unreliable. There are further stages of the legal process yet to be progressed which may result in an equal value assessment of those posts. There may be a possible obligation on the Council in future, but this will not be confirmed until the legal processes have concluded. It is not feasible to place any reliable value on any possible outcome at this stage.

29. Prior Period Adjustments / Restatements

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or to provide more reliable or relevant information on the Council's financial position. 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. Material errors discovered in prior period figures are also corrected retrospectively.

There is one item which has required a restatement in these Accounts.

In 2022-23 the Council had a surplus position on its Defined Benefit Retirement Scheme for the first time. Under relevant accounting standards, the Council therefore considered how much of this surplus could be recognised as an asset in the financial statements and capped the value recognised at nil.

The Council included the present value of its unfunded liabilities in this capped position in the 2022-23 financial statements, but now recognises that these liabilities should have been considered separately. The 2022-23 comparatives in the 2023-24 financial statements have therefore been restated to recognise the present value of these unfunded liabilities on the balance sheet (£102.468m). This has resulted in adjustments of £102.468m to the 2022-23 comparatives included in the following Statements and Notes: Comprehensive Income & Expenditure Account (Remeasurement of net pensions liability in other comprehensive income & expenditure), Movement in Reserves Statement (Unusable reserve total comprehensive income & expenditure and closing balance), and Balance Sheet and associated notes 24 and 7 (Defined Benefit Pension Asset/Liability and Unusable Reserves balance).

30. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Statement of Accounts is authorised for issue. There are two distinct types:- those that existed at the balance sheet date where the accounts should be adjusted to reflect these; and those which arose after the balance sheet date which require disclosure in the notes to the accounts if material.

Fife Council had no such events in 2023-24

The 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. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2022-23 £m		2023-24 £m
	Income	
(125.010)	Dwelling Rents	(131.901)
1.984	Rent Voids	1.875
(3.477)	Non-dwelling Rents	(3.507)
(2.316)	Hostels - Accommodation Charges	(2.244)
(2.333)	Other Income	(3.322)
(131.152)	Total Income	(139.099)
	Expenditure	
49.880	Repairs and Maintenance	53.165
28.448	Supervision and Management	27.498
0.245	Rents, rates, taxes and other charges	0.272
36.856	Depreciation, impairment and revaluation losses of non-current assets	37.035
3.277	Impairment of Debtors	4.573
0.970	Other Expenditure	0.849
119.676	Total Expenditure	123.392
(11.476)	Net Expenditure or (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement	(15.707)
0.155	Share of Corporate and Democratic Core	0.175
0.041	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to specific services	0.034
(11.280)	Net (Income) or Expenditure for HRA Services	(15.498)
	HRA Share of operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement	
(0.152)	(Gain) or Loss on sale of HRA Non Current Assets	(0.015)
13.176	Interest Payable and Similar Charges	14.222
(0.884)	Interest and Investment Income	(2.060)
0.586	Pension Interest Cost and Expected Return on Pension Assets	0.172
(23.506)	Capital Grants and Contributions Receivable	(22.402)
(22.060)	(Surplus) or Deficit for the Year on HRA Services	(25.581)

Movement on the Housing Revenue Account Statement

2022-23 £m		2023-24 £m
(22.060)	(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement	(25.581)
	Adjustments between accounting & funding basis:	
(4.911)	- permitted by accounting standards	(4.727)
26.270	- required by statutory regulations	32.394
0.326	Transfers to/(from) Other Statutory Reserves	(0.021)
(0.375)	Net (Increase) or Decrease In Year on HRA	2.065
(7.005)	Balance on the HRA at the end of the Previous Year	(7.380)
(7.380)	Balance on the HRA at the end of the Current Year	(5.315)

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Regulations

2022-23 £m		2023-24 £m
	Accounting Standards Adjustments	
	Adjustments for Capital Purposes	
(4.911)	Revaluation element of depreciation in CIES	(4.727)
(4.911)	Total Accounting Standards Adjustments	(4.727)
	Statutory Adjustments	
	Adjustments for Capital Purposes	
(31.945)	Depreciation, Impairment and Revaluations	(32.308)
23.506	Capital Grants and Contributions	22.402
0.152	Gain or (loss) on sale of HRA non-current assets	0.015
16.333	Repayment of Debt	18.469
20.560	Capital expenditure funded by the HRA	23.752
(3.512)	HRA share of contributions to/(from) the Pensions Reserve	0.201
1.009	HRA Share of Transfer (to)/from Financial Instruments Adjustment Account	(0.026)
0.167	HRA adjustment for compensated absences	(0.111)
26.270	Total Statutory Adjustments	32.394

2. Housing Stock

31 March 2023 Number	Council housing stock analysed by number of bedrooms	31 March 2024 Number
253	0	254
7,457	1	7,440
14,554	2	14,662
7,444	3	7,497
1,200	4 - 8	1,209
30,908		31,062

3. Rent Arrears

31 March 2023 £m		31 March 2024 £m
6.696	Current Tenants	7.130
2.150	Former Tenants	2.518
0.558	Temporary Accommodation	0.840
9.404		10.488

4. Impairment of Debtors

A provision of £8.325m (79.4%), has been made in respect of uncollectable debts. (2022-23 - £7.065m, 75.1%).

The Non-Domestic Rate Account (Scotland) 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, deductions made under statute and income retained by the Council for approved Tax Incremental Financing (TIF) projects. The net income is paid to Scottish Government as a contribution to the national non-domestic pool.

2022-23 £m		2023-24 £m
(208.170)	Gross Rates Levied & Contributions in Lieu	(218.499)
41.361	Reliefs & Other Deductions	37.835
0.000	Payment of Interest	0.098
0.994	Debts Written Off and Allowance for Impairment	2.141
(165.815)	Net Non-Domestic Rate Income	(178.425)
6.009	Adjustment to previous years National Non-Domestic Rates	34.469
0.014	Non-domestic rate income retained by the Council (TIF)	0.014
(159.792)	Contribution to Non-Domestic Rate Pool	(143.942)
(179.675)	Distribution from Non-Domestic Rate Pool	(172.108)
(179.675)	Non-Domestic Rate Income to the CIES	(172.108)

Analysis of Rateable Values at 1 April 2023	Number of Subjects	Total £m	%
Type of Subject			
Shops	3,320	74.028	17.65
Public Houses	247	5.288	1.26
Offices (including banks)	2,246	26.710	6.37
Hotels, Boarding Houses etc	163	10.336	2.46
Industrial and Freight Transport Subjects	3,425	88.781	21.16
Leisure, Entertainment, Caravans and Holiday sites	1,355	16.245	3.87
Garages and Petrol Stations	180	2.199	0.52
Education and Training	222	34.598	8.25
Public Service Subjects	488	18.895	4.50
Communications (Non Formula)	26	2.955	0.70
Quarries, Mines etc.	32	1.253	0.30
Petrochemical	11	13.735	3.27
Religious	322	4.322	1.03
Health/Medical	61	10.326	2.46
Care Facilities	331	10.659	2.54
Undertaking (including Scottish Water)	58	87.876	20.95
Cultural	68	1.699	0.40
Sporting Subjects	672	1.456	0.35
Advertising	39	0.236	0.06
Other	1,424	7.953	1.90
Total all Non-Domestic Subjects	14,690	419.550	100.00%

The valuation of all Scottish Water utilities are valued by the Fife Assessor and is shown on the Fife Assessment roll. This income is included within the Net Non-Domestic Rate Income shown above.

Explanatory Note

Non-Domestic Rates is a tax on the occupation of non-domestic land and property which is entered in the Valuation Roll. The amount levied is calculated by multiplying the Rateable Value by the Rate Pounding, which is prescribed by Scottish Government. For 2023-24 this rate was 49.8p (2022-23, 49.8p) which is uniform throughout Scotland. A rate pounding of 51.1p (2022-23, 51.1p) applies to properties with a rateable value of more than £51,000 but less than 2023-24 £100,000 (2022-23 £95,000). A rate pounding of 52.4p applies to properties with a rateable value of more than 2023-24 £100,000 (2022-23 £95,000). There are several types of rate reliefs which are available in certain circumstances.

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.

By law, the Council is required to bill and collect water and sewerage charges for Scottish Water however these are excluded from the Council's accounts except for any cash collected not yet paid over at the financial year end.

2022-23 £m		2023-24 £m
	Gross Tax Levied	
(237.040)	Council Tax	(251.083)
(0.543)	Council Tax - Prior Year Income	(0.414)
(0.572)	Contributions in lieu	(0.594)
(238.155)		(252.091)
	Deductions	
22.402	Council Tax Reduction	23.696
31.037	Discount and Exemptions	33.317
4.207	Debts Written Off and Allowance for Impairment	4.277
1.513	Prior Years Adjustments	1.210
59.159		62.500
(178.996)	Council Tax Income to CIES	(189.591)

Charges Levied

Council Tax payable is dependent on the valuation band of a dwelling and is payable on any dwelling which is not determined as Exempt. Discounts and exemptions as specified in legislation can be applied to the gross charge.

Valuation Band (£)	A Up to 27,000	B 27,000 -35,000	C 35,001 -45,000	D 45,001 -58,000	E 58,001 -80,000	F 80,001 -106,000	G 106,001 -212,000	H Over 212,000
2023-24 charges (£)	923.45	1,077.36	1,231.27	1,385.18	1,819.97	2,250.92	2,712.64	3,393.69
2022-23 charges (£)	879.48	1,026.06	1,172.64	1,319.22	1,733.31	2,143.73	2,583.48	3,232.09

Band D equivalent properties

The table below shows an analysis of properties at 31 March 2024 across valuation bandings. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers (e.g. single occupants) with reductions also granted to properties with certain attributes that are the sole and main residence of permanently disabled persons. The table converts the total number of properties into band D equivalents including a provision for non-payment.

Number of Dwellings	Total	Band								
		A(Dis)	A	B	C	D	E	F	G	H
Total Dwellings	183,308	0	40,444	48,704	24,593	22,303	24,954	14,710	7,076	524
Disabled Relief	0	78	125	(43)	14	95	(135)	(51)	(78)	(5)
Exemptions	(7,985)	0	(2,263)	(1,899)	(1,145)	(959)	(953)	(460)	(213)	(93)
Discounts	(19,968)	(10)	(6,529)	(5,493)	(2,775)	(2,099)	(1,822)	(796)	(406)	(38)
	155,355	68	31,777	41,269	20,687	19,340	22,044	13,403	6,379	388
Band D Ratio			240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360
	155,233	38	21,185	32,098	18,388	19,340	28,963	21,780	12,492	949
Non-payment provision-2.1%	(3,259)	(1)	(445)	(674)	(386)	(406)	(608)	(457)	(262)	(20)
Band D Equivalent	151,974	37	20,740	31,424	18,002	18,934	28,355	21,323	12,230	929

Introduction

The May 2023 LASAAC guidance “Accounting for the Common Good Fund: Guidance for Practitioners”, sets out the disclosure requirements for Common Good funds and requires that authorities prepare an Explanatory Foreword, a Comprehensive Income and Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council’s accounting policies.

History and Background

The Common Good Fund relates to particular former Burghs and is administered by Fife Council who, as required by the Local Government (Scotland) Act 1973 must have regard to interests of inhabitants of the area to which the common good formerly related. There are 22 common good funds consolidated into the financial statements.

Common Good Funds consist of a number of assets and properties, these being land & buildings, investments and cash balances. These assets provide sources of income to the fund such as rent, interest and investment income. The first call on this income is the maintenance and up-keep of Common Good properties. Thereafter the income is available for distribution in the interests of the inhabitants of the area where the fund was originally established. All expenditure of this nature is subject to a grant application and an approval process.

The Common Good policy statement and asset register can be found [here](#).

Financial Statements

The CIES records the income generated from rents, interest, investment income and any profit from sale of assets. Expenditure represents the costs incurred in relation to the Common Good Fund, such as repairs and maintenance, depreciation and disbursements. The valuation of investments decreased by £0.026m due to market movements in bond prices.

The Balance sheet includes land & building assets which are owned by Common Good but used in the provision of Fife Council services. Assets of this nature are leased by the Council, on a full repairs basis at a peppercorn rental, and are recognised in the Balance Sheet as a long term debtor representing the net investment in these leases, which is equivalent to the value of the assets at the balance sheet date.

Common Good Comprehensive Income and Expenditure Statement

2022-23 £m		2023-24 £m
	Expenditure	
0.253	Property Costs	0.034
0.192	Donations	0.175
0.178	Depreciation and Revaluations	0.892
0.007	Other Expenditure	0.001
0.630	Total Expenditure	1.102
	Income	
(0.235)	Interest on investments	(0.256)
(0.286)	Rents	(0.296)
(0.286)	Other Income	(0.005)
(0.807)	Total Income	(0.557)
0.326	Movement in Fair Value of Investments	0.026
0.060	Losses / (Gains) on Disposal of Assets	0.000
(1.027)	Capital Grant Received	(0.556)
(0.641)	Other Operating Income and Expenditure	(0.530)
(0.818)	(Surplus)/Deficit for year	0.015
(0.866)	Asset revaluations recognised in Revaluation Reserve	(7.919)
(0.866)	Other Comprehensive Expenditure & Income	(7.919)
(1.684)	Total Comprehensive Expenditure & Income	(7.904)

2022-23 £m		2023-24 £m
6.824	Property, Plant & Equipment	14.515
0.450	Heritage Assets	0.450
3.503	Investments	3.477
163.221	Long Term Debtor - Leasehold Property	219.886
173.998	Long Term Assets	238.328
2.123	Cash and Cash Equivalents	2.369
0.042	Sundry Debtors	0.035
2.165	Current Assets	2.404
176.163	Net Assets / (Liabilities)	240.732
	Financed by:	
(172.165)	Usable Reserves: Common Good Fund	(228.868)
(3.998)	Unusable Reserve: Revaluation Reserve	(11.864)
(176.163)	Total Reserves	(240.732)

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Note to the Common Good Fund Accounts

1. Analysis of movement in Common Good Fund Reserve

2022-23 £m		2023-24 £m
(150.397)	Balance at 1 April	(172.165)
(0.818)	(Surplus)/Deficit for year	0.015
(20.789)	Revaluation losses/(gains) on Long Term Debtor-Leasehold property	(56.075)
(0.041)	Adjusting amounts written out of the Revaluation Reserve	(0.053)
(0.120)	Transfers to/(from) Fife Council Reserves	(0.590)
(172.165)		(228.868)

Introduction

The Council is Trustee for 81 Charitable Trusts consolidated into these financial statements, comprising of an Explanatory Foreword, a Movement in Reserves Statement, a Comprehensive Income & Expenditure Statement (CIES) and a Balance Sheet. The statements are prepared in accordance with Fife Council's accounting policies.

The Council has 44 Trusts registered as charities and governed by the rules of the Office of Scottish Charities Regulator (OSCR), for which separate consolidated financial statements have also been prepared, with the remaining 37 Trusts non-registered charities. The Council also prepares separate financial statements for those charities where the Council, or some members of the Council, are sole trustees of the charity. These separate statements are available from Finance & Corporate Services, Fife Council, North Street, Glenrothes, KY7 5LT.

History and Background

Charities and Trust funds have been set up from donations made by various individuals and organisations over many years and consist of a number of assets such as land & buildings, investments and cash balances. These assets provide income from rent, interest and investments which is available for distribution in the interests of the beneficiaries of the trusts, subject to approval, ensuring that resources are available to meet continuing future requirements. In accordance with the Local Government (Scotland) Act 1973, Fife Council, as administrator of the funds, must have regard to the interests of beneficiaries for which each fund was established. The major trust administered by the Council is Fife Educational Trust whose main purpose is to promote education and reward educational achievement, through providing prizes, bursaries, scholarships, grants and equipment.

Financial Statements

The CIES records income generated and any profit from sale of assets. Expenditure represents costs incurred in relation to disbursements from the various Charities and Trust funds in accordance with individual trust conditions. The valuation of investments decreased by £0.029m due to market movements in bond prices.

2022-23 Total £m	Summary of balances held at 31st March	Other Trust Funds £m	Registered Charities £m	2023-24 Total £m
(2.087)	Fife Educational Trust	0.000	(2.086)	(2.086)
(0.037)	Community Fund	(0.039)	0.000	(0.039)
(2.431)	Other Trusts/Charities	(0.888)	(1.556)	(2.444)
(4.555)		(0.927)	(3.642)	(4.569)

	Usable Reserve £m	Unusable Reserve £m	Total Reserves £m
Opening Balance 1 April 2022	(4.692)	(0.002)	(4.694)
Movement in Reserves during 2022-23			
(Surplus) or deficit on provision of services	0.139	0.000	0.139
Other Comprehensive Expenditure and Income	0.000	0.000	0.000
Total Comprehensive Income & Expenditure	0.139	0.000	0.139
Balance at 31 March 2023 carried forward	(4.553)	(0.002)	(4.555)
Movement in Reserves during 2023-24			
(Surplus) or deficit on provision of services	(0.014)	0.000	(0.014)
Other Comprehensive Expenditure and Income	0.000	0.000	0.000
Total Comprehensive Income & Expenditure	(0.014)	0.000	(0.014)
Balance at 31 March 2024 carried forward	(4.567)	(0.002)	(4.569)

Charities and Trust Funds Comprehensive Income and Expenditure Statement

2022-23 Total £m		2023-24		Total £m
		Other Trust Funds £m	Registered Charities £m	
	Expenditure			
0.124	Disbursements	0.051	0.099	0.150
0.008	Other Expenditure	0.000	0.007	0.007
0.132	Total Expenditure	0.051	0.106	0.157
	Income			
(0.193)	Interest on investments	(0.041)	(0.159)	(0.200)
0.001	Other Income	0.000	0.000	0.000
(0.192)	Total Income	(0.041)	(0.159)	(0.200)
0.199	Movement in Fair Value of Investments	0.008	0.021	0.029
0.199	Other Operating Income and Expenditure	0.008	0.021	0.029
0.139	(Surplus)/Deficit for year	0.018	(0.032)	(0.014)
0.000	Other Comprehensive Expenditure & Income	0.000	0.000	0.000
0.139	Total Comprehensive Income and Expenditure	0.018	(0.032)	(0.014)

Charities and Trust Funds Balance Sheet

2022-23 Total £m		2023-24		Total £m
		Other Trust Funds £m	Registered Charities £m	
0.002	Property, Plant & Equipment	0.000	0.002	0.002
3.333	Investments	0.740	2.564	3.304
3.335	Long Term Assets	0.740	2.566	3.306
1.185	Cash and Cash Equivalents	0.180	1.052	1.232
0.035	Sundry Debtors	0.007	0.024	0.031
1.220	Current Assets	0.187	1.076	1.263
0.000	Sundry Creditors	0.000	0.000	0.000
0.000	Current Liabilities	0.000	0.000	0.000
4.555	Net Assets/(Liabilities)	0.927	3.642	4.569
	Financed by:			
(4.553)	Usable Reserves	(0.927)	(3.640)	(4.567)
(0.002)	Unusable Reserve - Revaluation Reserve	0.000	(0.002)	(0.002)
(4.555)	Total Reserves	(0.927)	(3.642)	(4.569)

The unaudited accounts were issued on 28th June 2024 and the audited accounts were authorised for issue on 30th September 2024.

Eileen Rowand MBA CPFA
Executive Director Finance and Corporate Services

Independent auditor's report to the members of Fife 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 Fife Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash Flow Statement, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Non-domestic Rate Income Account, the Council Tax Income Account, the Common Good Comprehensive Income and Expenditure Statement, the Common Good Balance Sheet, the Charities and Trust Funds Movement in Reserves Statement, the Charities and Trust Funds Comprehensive Income and Expenditure Statement, the Charities and Trust Funds Balance Sheet and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

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

Basis for opinion

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 by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. 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 Executive Director Finance and Corporate Services and council for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Executive Director Finance and Corporate Services 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 Executive Director Finance and Corporate Services 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 Executive Director Finance and Corporate Services 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:

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

The extent to which 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 parts of the Remuneration Report

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

Other information

The Executive Director Finance and Corporate Services is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Corporate Governance Statement, Statement of Responsibilities for the Statement of Accounts and the unaudited parts 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 Corporate 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 Corporate 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 Corporate 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 parts 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.

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 108 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.

Karen Jones (for and on behalf of Azets Audit Services)
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date.....

