



# **PERTH & KINROSS COUNCIL**

## **ANNUAL ACCOUNTS**

**2021/22**

**UN-AUDITED**





# MANAGEMENT COMMENTARY

## 1. Introduction

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

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

A glossary of terms is set out from page 102.

## 2. Our Vision and Strategic Objectives

The Council is situated in a central location in Scotland. It covers a geographical area of around 5,286 km<sup>2</sup> and has an estimated population of 151,910. Between 1998 and 2020, the population of Perth and Kinross has increased by 12.9%. This is the 7th highest percentage change out of the 32 council areas in Scotland. Over the same period, Scotland's population rose by 7.7%. The latest population projections over the next 10 years show a 1% increase compared to 1.8 % across Scotland.

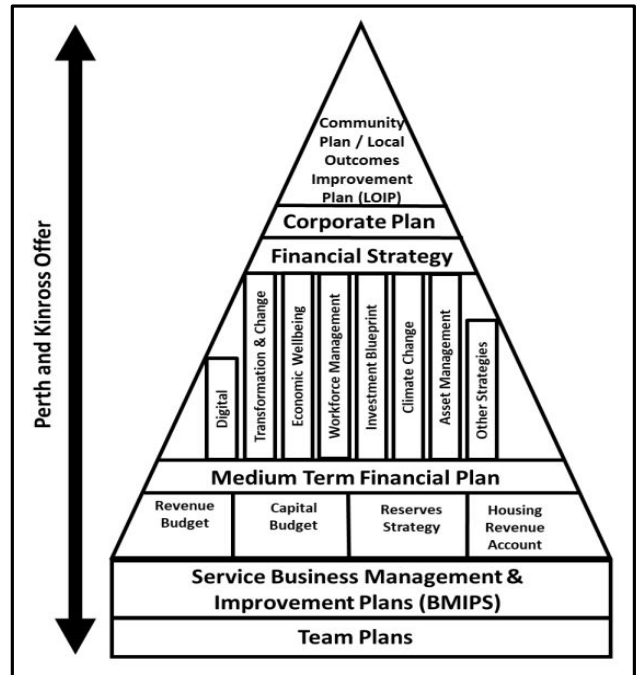
The Council's vision is to *create a confident, ambitious and fairer Perth and Kinross, for all those who live and work here.* Through its five strategic objectives, set out within the Community Plan (Local Outcomes Improvement Plan) 2017-27 and Corporate Plan 2018-2022, the Council aims to maximise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

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

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

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

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



## 3. Covid-19

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

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

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

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

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

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

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

#### **4. The Annual Accounts 2021/22**

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

#### **5. The Financial Plan**

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

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

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

#### **6. Performance Management**

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

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

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

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

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

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

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

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

































































































































































































































