

**ABERDEEN  
CITY AND  
SHIRE**

*Strategic Development  
Planning Authority*

**ANNUAL ACCOUNTS  
FOR THE YEAR ENDED  
31 MARCH 2018**

## ANNUAL ACCOUNTS 2017/18

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>Management Commentary</b>	<b>2 – 5</b>
<b>Remuneration Report</b>	<b>6 – 8</b>
<b>Annual Governance Statement</b>	<b>9 – 10</b>
<b>Statement of Responsibilities for the Annual Accounts</b>	<b>11 – 12</b>
<b>Independent Auditor’s Report</b>	<b>13 – 15</b>
<b>Movement in Reserves Statement</b>	<b>16</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>17</b>
<b>Balance Sheet</b>	<b>18</b>
<b>Cash Flow Statement</b>	<b>19</b>
<b>Notes to the Accounts</b>	<b>20 – 27</b>
<b>Glossary of Terms</b>	<b>28</b>

## MANAGEMENT COMMENTARY

### Introduction

The "Strategic Development Planning Authority" was designated by Scottish Government Ministers on 25 June 2008 under the Planning etc. (Scotland) Act 2006. The Strategic Development Planning Authority has 12 members, with six being appointed by both Aberdeen City and Aberdeenshire Councils. The Chair and Vice Chair of the Strategic Development Planning Authority rotate on a 2 yearly cycle.

The Designation Order required Aberdeen City and Aberdeenshire Councils to jointly prepare and keep under review a Strategic Development Plan for a strategic development plan area. Such a plan sets out a vision for long term development focusing on cross boundary issues such as the amount and areas for housing, business and retail development, infrastructure provision and green belts. The terms of reference agreed by the two Councils required that, prior to the start of work on a Strategic Development Plan, the Strategic Development Planning Authority would take forward work on a Structure Plan commenced by the two Councils in early 2007. The Aberdeen City and Shire Structure Plan was approved by Scottish Ministers in August 2009.

Since then, work has focused on its preparing, implementing and monitoring, the Aberdeen City and Shire Strategic Development Plan which was approved by Scottish Ministers on 28 March 2014. Work is currently ongoing to review this Plan, and a new Strategic Development Plan is scheduled to be submitted to Scottish Ministers for Examination in early 2019.

### Progress against Performance Indicators

The annual Planning Performance Framework Report, [Aberdeen City and Shire | Strategic Development Planning Authority - Publications](#), which is submitted to the Scottish Government early in the financial year (July), gives a comprehensive overview of the achievements and performance of the Strategic Development Planning Authority during the year. The influence of a Strategic Development Plan has a longer timescale than one year and annual indicators of performance are not considered appropriate. There is close analysis of key trend areas over time to consider the appropriateness of the plan.

The Strategic Development Plan, Housing Land Audit and Employment Land Audit all highlight the aspirational nature of the Strategic Development Planning Authority. Significant quantities of land are now available to the development industry as a result of the strategic framework and Spatial Strategy set by the Strategic Development Planning Authority.

The Strategic Development Planning Authority has been awarded a number Plain English Campaign "Crystal Marks" which recognises the quality of the communications issued. The authority's website allows interested parties access to the most up to date information on Strategic Development Plan preparation.

No performance indicators have been specifically identified to measure financial performance. However, the Strategic Development Planning Authority agrees a budget in advance of each year and considers a detailed budget monitoring report with a forecast for the year of income and expenditure at each meeting. This allows regular and close scrutiny of activities against specific financial targets to take place and is considered adequate for this organisation.

## MANAGEMENT COMMENTARY (continued)

### Financial Performance Review

The Strategic Development Planning Authority's core funding and the support for its strategic programme from partner Councils reflects their continued support. The budget provision was £410,000 (2016/17: £172,000).

### Review of Outturn against Budget for 2017/18

The outturn for 2017/18 was 10% over budget. The total operating expenses, which includes £306,202 for Legal Expenses was £451,000 which is £41,000 over budget. Partner authorities had previously agreed to support the cost of raising an appeal following the Court of Session's decision against the authority's adoption of Supplementary Guidance in respect of the Strategic Transport Fund. The associated costs are reflected in 2017/18.

Fuller details of the performance against budget is detailed below.

	2016/17 Actual	2017/18 Budget	2017/18 Actual	% Actual v Budget
	£000	£000	£000	
Partner Council Requisitions	191	306	314	103%
Other Income / Reserves	-	104	137	132%
<b>Total Income</b>	<b>191</b>	<b>410</b>	<b>451</b>	<b>110%</b>
Staff Costs	100	117	137	117%
Other Costs	58	293	314	107%
<b>Total Operating Expenses</b>	<b>158</b>	<b>410</b>	<b>451</b>	<b>110%</b>
<b>Net Surplus/(Deficit)</b>	<b>33</b>	<b>-</b>	<b>-</b>	

### Principal Risks and Uncertainties

The principal risks facing the Strategic Development Planning Authority, as with many such bodies, is the reliance on third party funding to support its annual programme.

The relationships with partners are close and each local authority partner has identified indicative budgets for the contributions for the next 3 years. Both local authority partners have appointed senior members of their staff to act as professional advisors and each has provided professional Officers to support the Strategic Development Planning Authority Team. This ensures engagement is maintained between parties at a senior corporate level.

We are confident that all material risks facing the Strategic Development Planning Authority are known and that appropriate measures are in place to overcome or at least mitigate the impact that these may have on the continued operation of the Authority.

## **MANAGEMENT COMMENTARY (continued)**

### **Principal Risks and Uncertainties (continued)**

In addition, and particularly relevant to the Strategic Development Planning Authority, over the last few years the Scottish Government has been reviewing the operation of the planning system in Scotland. The Strategic Development Planning Authority has been actively involved in the consultation process. The Planning (Scotland) Bill was published in December 2017 and has proposed the removal of Strategic Development Plans from the planning system and for strategic planners to support more proactive regional partnership working. The Planning Bill (Scotland) Stage 1 was debated at the Scottish Parliament on the 29 May 2018 and will be further debated as amendments are considered over the course of the year.

### **Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Strategic Development Planning Authority's Business**

The Strategic Development Plan was approved by Scottish Government Ministers in March 2014 and outlines the key issues that the Strategic Development Planning Authority will contribute towards. This will influence the relationships and direction of travel that the Strategic Development Planning Authority may follow. The Authority is currently preparing a replacement Strategic Development Plan. In preparation for this, a Main Issues Report was prepared during the year and considered by the board in February 2018 before a ten week consultation period commenced. A Main Issues Report is intended to stimulate discussion and feedback and provides options for change on, for example, key planning policies and locations for potential development.

This task is being undertaken with the partner authorities, key agencies and relevant stakeholders. Since December 2017 the Chief Officer Strategic Place Planning (Aberdeen City Council) and Head of Service Planning and Building Standards (Aberdeenshire Council) have taken over the management duties associated with the Strategic Development Planning Authority. Such collaborative working will continue, with the Strategic Development Planning Authority's agile approach towards positioning itself to accommodate any significant changes affecting this sector and in particular those that have been identified in the wider development plans for the region.

### **Annual Accounts**

The Strategic Development Planning Authority is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Act.

### **Going Concern**

Despite the uncertainties around the future of the Strategic Development Planning Authority, existing statutory duties remain until new legislation is passed next year. Also, the budget for 2018/19 with funding levels in line with 2017/18 and indicative budgets for 2019/20 confirm that sufficient funding is available beyond September 2020. The Board therefore has a reasonable expectation that the Strategic Development Planning Authority will continue in operational existence for the foreseeable future. It is therefore considered appropriate to adopt a going concern basis for the preparation of these statements.

## MANAGEMENT COMMENTARY (continued)

### Audit Information

The Strategic Development Planning Authority and Team Leader at the date of this report confirms that:

- So far as they are aware, there is no relevant audit information of which the Strategic Development Planning Authority's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a member or officer in order to make themselves aware of any relevant audit information and to establish that the Strategic Development Planning Authority's auditor is aware of that.

### Remuneration Paid to the Auditor for Non-Audit Work

No remuneration was paid to the Strategic Development Planning Authority's external auditor for non-audit work during 2017/18.

### Pension Liabilities

The Strategic Development Planning Authority does not have staff of its own. All officers are employed by the host authorities and are entitled to be members of the Superannuation Scheme which is administered by Aberdeen City Council. This provides staff with defined benefits upon their retirement and the employing Authorities contribute towards the costs by making contributions based on a percentage of members' pensionable salaries. There is no liability for pension related costs falling on the Strategic Development Planning Authority.

### Events since the End of the Financial Year

We are not aware of any adjusting event that would have impacted on the reliability of the information presented in this report or financial statements.

### Future Developments

Future developments will generally be identified from a change in Government or local authority policy, changes in the development plan and / or wider economic changes in the region. Close links are maintained with appropriate government departments and the Strategic Development Plan is regularly refreshed which will ensure that arising issues are identified early enough to allow any appropriate action to be taken to re-position the Strategic Development Planning Authority and its activities.



Councillor Marie Boulton,  
Chair.



Gale Beattie,  
Chief Officer Strategic Place  
Planning,  
Aberdeen City Council.

Alan Wood,  
Treasurer.

26 September 2018

## REMUNERATION REPORT

### Introduction

For the purposes of the local authority accounts, a remuneration report is prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require local authorities to make certain disclosures about the remuneration and pension benefits of senior Councillors and senior employees employed by local authorities alongside the local authority accounts. The Strategic Development Planning Authority does not make payment to any member of the Strategic Development Planning Authority, whether elected Member or otherwise appointed, by way of salary, enhanced pension benefits or reimbursement of expenses.

The Treasurer and Clerk to the Strategic Development Planning Authority do not receive remuneration from the Strategic Development Planning Authority. Since December 2017 the Chief Officer Strategic Place Planning (Aberdeen City Council) and Head of Service Planning and Building Standards (Aberdeenshire Council) have taken over the management duties associated with the Strategic Development Planning Authority. The duties of these posts are covered by the post holders' substantive posts in their respective Councils.

The information disclosed in the tables below is subject to independent audit.

### Arrangements for Remuneration

The Manager of the Strategic Development Planning Authority is a relevant person under the accounts regulations, although they are employed by one of the partner Councils, and their remuneration, along with other staff in relation to their role at the Strategic Development Planning Authority is set by reference to national arrangements agreed by the Scottish Joint Negotiating Committee for Local Authority Services. There are no bonuses or performance related pay. Officers receive business mileage and subsistence allowances in accordance with amounts either agreed nationally by the Scottish Joint Negotiating Committee or as approved locally by Aberdeen City or Aberdeenshire Council and adopted by the Strategic Development Planning Authority. Officers are eligible to join the Local Government Pension Scheme.

### Remuneration of Relevant Persons

Remuneration for Year	Salary, Fees or Allowances £'s	Compensation for Loss of Employment £'s	Total 2017/18 £'s	Total 2016/17 £'s
David Jennings: Manager (From 01 April 2016 to 30 November 2017) (Full Year Equivalent £54,930)	36,620	36,065	72,685	54,381
Totals	36,620	36,065	72,685	54,381

### Remuneration of Employees receiving more than £50,000

There was one Strategic Development Planning Authority employee who received more than £50,000 remuneration for the year, falling into the £70,000 - £74,999 band.

## REMUNERATION REPORT (continued)

### Pension Benefits

The term pension benefits covers in-year pension contributions for the employee by the Council and any named person's accrued pension benefits, if still employed, at the reporting date.

### Pension Benefits of Relevant Persons

	In-year pension contributions		Accrued annual pension benefits		Accrued pension Lump Sum	
	For year to 31 March 2018 £'s	For year to 31 March 2017 £'s	As at 30 Nov 2017 £'s	As at 31 March 2017 £'s	As at 30 Nov 2017 £'s	As at 31 March 2017 £'s
David Jennings: Manager	7,068	10,496	15,543	14,701	21,271	21,111
Totals	<u>7,068</u>	<u>10,496</u>	<u>15,543</u>	<u>14,701</u>	<u>21,271</u>	<u>21,111</u>

#### Notes:

All employees working for the Strategic Development Planning Authority are eligible to become members of the Local Government Pension Scheme.

The Local Government Pension Scheme provides defined benefits on retirement. The pension is based on the member's pensionable service (how long he or she has been a member of the Local Government Pension Scheme) and his or her pay. For officers with service before 1 April 2015 the pension is based on their final year's salary. For most people, with service up to 31 March 2009, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. For service after the 31 March 2015, the annual pension uses a career average methodology and is calculated by dividing the pensionable pay by 49 and adding this to their cumulative pension account, this in turn will be adjusted in line with the cost of living.

Pensions payable are increased annually in line with changes in The Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975.

The lump sum, which is automatically paid when the person retires, for service up to 31 March 2009, is normally three times his or her annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.



## REMUNERATION REPORT (continued)

A Scheme member's contribution depends on his or her full-time equivalent pay. From 1 April 2009, a five tier contribution system was introduced with contribution from members being based on how much pay falls into each tier. The tiers for 2017-2018 were adjusted slightly from the 2016-2017 rates.

The tiers and rates are as follows:

Rates	2017/18	2016/17
5.50%	Up to and including £20,700	Up to and including £20,500
7.25%	Above £20,700 and up to £25,300	Above £20,500 and up to £25,000
8.50%	Above £25,300 and up to £34,700	Above £25,000 and up to £34,400
9.50%	Above £34,700 and up to £46,300	Above £34,400 and up to £45,800
12.00%	Above £46,300	Above £45,800

The value of the accrued benefits in the above table has been calculated on the basis of the age at which the person will first become entitled to receive a full 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 any adjustment for the effects of future inflation.

For benefits that have been accrued up to 31 March 2015 that pension will be paid in full upon retirement as long as the member has reached the age of 65. For benefits that are accrued after the 1 April 2015 there may be a reduction if the member retires before their "Normal Pension Age".

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment. The above explanatory notes provide general information on the Local Government Pension Scheme and do not override the provisions of the Scheme.



Councillor Marie Boulton,  
Chair,  
Strategic Development Planning  
Authority.



Gale Beattie,  
Chief Officer Strategic Place Planning,  
Aberdeen City Council.

26 September 2018

## **ANNUAL GOVERNANCE STATEMENT**

The Strategic Development Planning Authority has a responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used appropriately. This would include making arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this responsibility the Strategic Development Plan Team Leader and Treasurer have put in place proper arrangements for the governance of resources, approved by the Strategic Development Planning Authority. The Strategic Development Planning Authority has adopted a Code of Corporate Governance which ensures the accountability and probity of officers. The Code is consistent with the principles and reflects the requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) as set out in Delivering Good Governance in Local Government: Framework (2016).

The governance framework comprises the systems, processes, cultures and values by which the Strategic Development Planning Authority is directed and controlled, and the activities used to engage with and lead the community. It enables the Strategic Development Planning Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Strategic Development Planning Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically

The system of corporate governance and internal financial control is based on a framework of financial regulations, management information and appropriate delegation with accountability. In particular, the system includes:-

- The Strategic Development Planning Authority's Scheme of Governance, comprising Standing Orders, Delegations, Financial Regulations and Guidance;
- Management information;
- Performance and risk management;
- Comprehensive financial management systems;
- Periodic and annual financial reports;
- Clearly defined expenditure guidelines; and
- Periodic review of all financial procedures.

The corporate governance and internal control procedures are informed by:-

- Feedback from Councillors and the Strategic Development Planning Authority Board in carrying out its scrutiny role;
- The work of the Team Leader within the Strategic Development Planning Authority;
- Internal Audit & External Audit; and
- Partner and stakeholder feedback.

## ANNUAL GOVERNANCE STATEMENT (continued)

### Review of Effectiveness

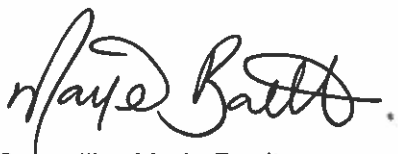
The review of the effectiveness of the governance framework, including the system of internal control, is carried out throughout the year by various means involving:

- Reports to the Board;
- The Head of Legal and Governance who is the statutory Monitoring Officer in terms of the Local Government and Housing Act 1989 and provides legal advice to Councillors and senior officers;
- The Treasurer who has statutory responsibility for the Strategic Development Planning Authority's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. His responsibilities are set out in the Statement of Responsibilities;
- Internal Audit which is an independent review function of the Strategic Development Planning Authority and is responsible for the internal audit of all financial and non-financial systems of the Strategic Development Planning Authority and both Aberdeen City and Aberdeenshire Council; and
- External organisations that carry out independent audits or inspections of the Strategic Development Planning Authority. These include external audit by auditors appointed by the Accounts Commission.
- Self-assessment reviews undertaken by Partner authorities to demonstrate compliance with their respective Codes of Governance.

The Strategic Development Planning Authority's Code of Corporate Governance and the related systems of internal financial control provide reasonable assurance that objectives will be met. The Strategic Development Planning Authority adheres to the principles of openness, integrity and accountability and takes all reasonable steps to ensure assets are safeguarded, transactions are authorised and properly recorded, procedures are practical and adhered to and that material errors are either prevented or detected within a timely period, and corrective action taken.

Progress continues to be made in respect of risk management. Risk Management is viewed as essential in the context of financial governance. An increase in the awareness and consequences of risk have become more prevalent within the Strategic Development Planning Authority. The consideration of risk has been recognised in the budget setting report and will be considered in all financial governance procedures.

The Strategic Development Planning Authority relies on the financial systems of Aberdeenshire Council. Aberdeenshire Council's Chief Internal Auditor has the responsibility to review independently, and report to the Council's Audit Committee annually on the adequacy and effectiveness of the Council's internal control environment. The Chief Internal Auditor reports that, in his opinion, based on his evaluation of the Council's control environment, reasonable assurance can be placed upon the adequacy and effectiveness of the internal control system in the year to 31 March 2018. On the basis of the Chief Internal Auditor's report to Aberdeenshire Council's Audit Committee, we are satisfied that the arrangements provide assurance, are adequate and are operating effectively.



Councillor Marie Boulton,  
Chair.



Gale Beattie,  
Chief Officer Strategic Place Planning,  
Aberdeen City Council.

26 September 2018

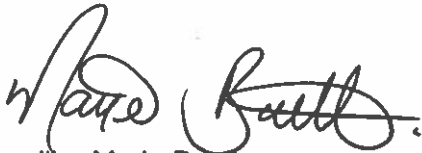
## STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

### The Strategic Development Planning Authority's Responsibilities

The Strategic Development Planning Authority is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this case, that officer is the Treasurer to the Strategic Development Planning Authority;
- 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);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 26 September 2018.



Councillor Marie Boulton,  
Chair.

26 September 2018

## **The Treasurer's Responsibilities**

The Treasurer is responsible for the preparation of the Strategic Development Planning Authority's Annual Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

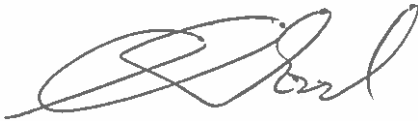
In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Code (in so far as it is compatible with legislation).

### **The Treasurer has also:**

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Strategic Development Planning Authority at the reporting date and the transactions of the Strategic Development Planning Authority for the year ended 31 March 2018.



Alan Wood, MA (Hons), CPFA,  
Treasurer.

26 September 2018

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERDEEN CITY AND SHIRE STRATEGIC DEVELOPMENT PLANNING AUTHORITY AND THE ACCOUNTS COMMISSION**

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 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Aberdeen City and Shire Strategic Development Planning Authority for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the authority as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 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**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern basis of accounting**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Responsibilities of the Treasurer and Authority for the financial statements**

As explained more fully in the Statement of Responsibilities, the Treasurer 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 Treasurer 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 Treasurer is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The authority is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to achieve 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 my 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 economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my 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 Annual 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 I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.



Anne MacDonald  
Senior Audit Manager  
Audit Scotland  
The Annexe  
Woodhill House  
Westburn Road  
ABERDEEN  
AB16 5GB

27 September 2018



## MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

This Statement shows the movement in the year on reserves held by the Strategic Development Planning Authority, analysed into 'usable' reserves and 'unusable' reserves. Usable reserves are those that can be applied to fund expenditure subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves include reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the line "Adjustments between accounting basis and funding basis under regulations". The Strategic Development Planning Authority does not have any unusable reserves.

There are no statutory or presentation adjustments between the Authority's accounting basis and funding basis. The income and expenditure in the Comprehensive Income and Expenditure Statement is as reported in budget monitoring reports to the Strategic Development Planning Authority. Consequently, an Expenditure and Funding Analysis is not provided within these Annual Accounts.

The 'Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Strategic Development Planning Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	General Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2016</b>	<b>104</b>	<b>104</b>	<b>-</b>	<b>104</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>33</b>	<b>33</b>	<b>-</b>	<b>33</b>
<b>Increase / (Decrease) in Year</b>	<b>33</b>	<b>33</b>	<b>-</b>	<b>33</b>
<b>Balance at 31 March 2017</b>	<b>137</b>	<b>137</b>	<b>-</b>	<b>137</b>
Surplus or (Deficit) on provision of services	(137)	(137)	-	(137)
<b>Total Comprehensive Income and Expenditure</b>	<b>(137)</b>	<b>(137)</b>	<b>-</b>	<b>(137)</b>
<b>Increase / (Decrease) in Year</b>	<b>(137)</b>	<b>(137)</b>	<b>-</b>	<b>(137)</b>
<b>Balance at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED  
31 MARCH 2018**

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from grants or requisitions. The Strategic Development Planning Authority receives contributions to cover expenditure in accordance with agreements. This may be different from the accounting cost and the effect on the General Fund is shown in the Movement in Reserves Statement.

			2016/17			2017/18		
£000	£000	£000		£000	£000	£000		£000
Expenditure	Income	Net	Note	Expenditure	Income	Net		Net
100	-	100	Staff Costs	138	-	138		138
55	-	55	Supplies and Services	310	-	310		310
3	-	3	Other Costs	3	-	3		3
<u>158</u>	-	<u>158</u>	<b>Cost of Services</b>	<u>451</u>	-	<u>451</u>		<u>451</u>
-	(191)	(191)	Requisitions and Non-Specific Grant Income	12	-	(314)		(314)
		<u>(33)</u>	<b>(Surplus) or Deficit on Provision of Services</b>					<u>137</u>
			<b>Other Comprehensive Income and Expenditure</b>					-
		<u>(33)</u>	<b>Total Comprehensive Income and Expenditure</b>					<u>137</u>

## BALANCE SHEET AS AT 31 MARCH 2018

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Strategic Development Planning Authority. The net assets of the Strategic Development Planning Authority (assets less liabilities) are matched by the reserves held by the Strategic Development Planning Authority.

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Strategic Development Planning Authority may use to provide services. The second category of reserves is unusable reserves, i.e. those that are not able to be used to provide services. The Strategic Development Planning Authority does not have any unusable reserves.

31 March 2017 £000		Note	31 March 2018 £000
145	Cash and Cash Equivalents	7	37
-	Short Term Debtors	8	146
<u>145</u>	<b>Current Assets</b>		<u>183</u>
(8)	Short Term Creditors	9	(183)
<u>(8)</u>	<b>Current Liabilities</b>		<u>(183)</u>
<u>137</u>	<b>Net Assets</b>		<u>-</u>
137	Usable Reserves		-
-	Unusable Reserves		-
<u>137</u>	<b>Total Reserves</b>		<u>-</u>

The unaudited annual accounts were authorised for issue on 12 June 2018 and the audited annual accounts were authorised for issue on 26 September 2018.



Alan Wood, MA (Hons), CPFA,  
Treasurer.

26 September 2018

## CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the Strategic Development Planning Authority during the reporting period. The Statement shows how the Strategic Development Planning Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Strategic Development Planning Authority are funded by way of taxation and grant income or from the recipients of services provided by the Strategic Development Planning Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Strategic Development Planning Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Strategic Development Planning Authority.

2016/17 £000		2017/18 £000	Note
33	Net surplus or (deficit) on the provision of services	(137)	
<u>(46)</u>	Adjust net surplus or (deficit) on the provision of services for non cash movements	<u>29</u>	13
<u>(13)</u>	Net cash flows from Operating Activities	<u>(108)</u>	
(13)	Net increase in cash and cash equivalents	(108)	
<u>158</u>	Cash and cash equivalents at the beginning of the reporting period	<u>145</u>	
<u>145</u>	Cash and cash equivalents at the end of the reporting period	<u>37</u>	

No interest was received in either the current or prior year.

There were no investing or financing activities in either the current or prior year.

## **NOTES TO THE ACCOUNTS**

### **Note 1 Accounting Policies**

#### **General Principles**

The Annual Accounts summarises the Strategic Development Planning Authority's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. The Strategic Development Planning Authority is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, of which section 12 of the Local Government in Scotland Act 2003 require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Annual Accounts is historical cost.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Accruals and Income and Expenditure**

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity.

The Strategic Development Planning Authority's Financial Assets are held as cash and cash equivalents.

#### **Financial Liabilities**

The Strategic Development Planning Authority's liabilities are shown as Creditors in the Balance Sheet and are for less than 12 months, they are initially measured at fair value and are subsequently carried at amortised cost, which equates to the actual cash value at 31 March 2018.

#### **Requisitions and Contributions**

Requisitions and contributions relating to revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income except where the grant or contribution has a condition(s) (as opposed to restriction) that the Strategic Development Planning Authority has not satisfied, in which case it is recognised as a Creditor.

## **NOTES TO THE ACCOUNTS (continued)**

### **Note 1 Accounting Policies (continued)**

#### **Cash and Cash Equivalents**

The Strategic Development Planning Authority uses Aberdeenshire Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund. This balance is repayable on demand and therefore treated as a cash equivalent and is included in the Balance Sheet at amortised cost, which equates to the actual cash value at 31 March 2018.

#### **Employee Benefits - Benefits Payable During Employment**

The Strategic Development Planning Authority does not directly employ staff but only reimburses the employing authorities for staff costs paid including any pension related costs as they are incurred.

#### **Employee Benefits - Post-Employment Benefits**

Employees working for the Strategic Development Planning Authority are entitled to be members of the Superannuation Scheme which is administered by Aberdeen City Council. This provides staff with defined benefits upon their retirement, earned as employees working for the Strategic Development Planning Authority.

The arrangements for the Superannuation scheme mean that liabilities for these benefits cannot be identified specifically to the Strategic Development Planning Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

#### **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the Chartered Institute of Public Finance and Accountancy. The total absorption costing principle is used with all overhead costs identified within the Strategic Development Planning Authority accounts.

#### **Reserves**

The nature of Strategic Development Planning Authority operations precludes it from creating reserves other than a General Fund. This Fund or general reserve captures all assets and liabilities that are not assigned to a special purpose fund.

#### **Value Added Tax**

Value Added Tax is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable.

## **NOTES TO THE ACCOUNTS (continued)**

### **Note 1 Accounting Policies (continued)**

#### **Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable that occur between the end of the reporting period (the Balance Sheet date) and the date when the financial statements are authorised for issue.

There are two types of events:

- a) those that provide evidence of conditions that existed at the Balance Sheet date (adjusting events after the reporting period); and
- b) those that provide evidence of conditions that arose after the Balance Sheet date (non-adjusting events after the reporting period).

The accounts are adjusted to reflect adjusting events after the reporting period and are not adjusted to reflect non-adjusting events after the reporting period. Where a non-adjusting event would have a material effect, disclosure is made in the notes of the nature of the events and the estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

#### **Note 2 Accounting Standards that have been issued but have not yet been adopted**

The adoption of the following accounting standards by the Code in 2018/19 will result in changes in accounting policy:

- Amendment to International Financial Reporting Standard 8 Operating Segments
- Amendment to International Financial Reporting Standard 9 Financial Instruments
- International Financial Reporting Standard 15 Revenue from Contracts with Customers became effective in January 2018
- Introduction of International Financial Reporting Standard 16 Leases

It is not anticipated that these changes will have a material effect for the Strategic Development Planning Authority.

#### **Note 3 New Accounting Standards effective in 2017/18**

The following new standards, amendments and interpretations became effective in 2017/18 for the first time.

- International Accounting Standard 26 Accounting and Reporting by Retirement Benefit Plans
- International Accounting Standard 28 Investments in Associates and Joint Ventures
- International Financial Reporting Standard 10 Consolidated Financial Statements
- International Financial Reporting Standard 12 Disclosure of Interests in Other Entities

There is no material impact on the financial statements as a result of the above.

## NOTES TO THE ACCOUNTS (continued)

### Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Treasurer has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- There is a degree of uncertainty about future levels of funding for local government and hence to funding for the Strategic Development Planning Authority. However, the Treasurer has determined that the level of uncertainty is not yet sufficient to provide an indication that the activities of the Strategic Development Planning Authority might be affected by the need to reduce levels of service provision. On this basis the Annual Accounts continue to be prepared on a going concern basis.

### Note 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts do not contain any estimated figures that are based on assumptions made by the Strategic Development Planning Authority about the future or that are otherwise uncertain.

### Note 6 Events after the Balance Sheet Date

The Annual Accounts were authorised for issue by the Treasurer to the Strategic Development Planning Authority on 12 June 2018. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events since the date of the balance sheet which necessitate the revision of the figures in the financial statements or notes thereto including contingent liabilities or assets.

### Note 7 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises:

	2016/17 £000	2017/18 £000
Temporary Investment in the Aberdeenshire Council Loans Fund	145	37
	<hr/>	<hr/>
	145	37

### Note 8 Short Term Debtors

	2016/17 £000	2017/18 £000
Other Local Authorities	0	146
	<hr/>	<hr/>
	0	146



## NOTES TO THE ACCOUNTS (continued)

### Note 9 Short Term Creditors

	2016/17 £000	2017/18 £000
Other Local Authorities	0	4
Other Entities and Individuals	8	179
	<u>8</u>	<u>183</u>

### Note 10 Reserves

Movements in the Strategic Development Planning Authority's usable reserves are detailed in the Movement in Reserves Statement. The Strategic Development Planning Authority does not have any unusable reserves.

### Note 11 External Audit Costs

The Strategic Development Planning Authority has incurred the following costs in relation to the audit of the Annual Accounts.

	2016/17 £000	2017/18 £000
Fees payable in respect of external audit Services	3	3

### Note 12 Requisition Income

The Strategic Development Planning Authority credited the following requisitions to the Comprehensive Income and Expenditure Statement.

	2016/17 £000	2017/18 £000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	95	157
Requisition from Aberdeenshire Council	95	157
	<u>190</u>	<u>314</u>
Charged to/(Returned to) constituent authorities		
Aberdeen City Council	-	-
Aberdeenshire Council	-	-
	<u>-</u>	<u>-</u>
Net Requisitions	<u>190</u>	<u>314</u>

## NOTES TO THE ACCOUNTS (continued)

### Note 13 Cash Flow – operating activities

Adjustment to surplus or deficit on the provision of services for non-cash movements

	2016/17 £000	2017/18 £000
Net Surplus/(Deficit) on the Provision of Services	33	(137)
Adjust net surplus or deficit on the provision of services for non-cash movements		
(Decrease) / Increase in Creditors	(46)	175
(Increase) / Decrease in Debtors	-	(146)
Net Cash Flows from Operating Activities	<u>(13)</u>	<u>(108)</u>

### Note 14 Related Parties

The Authority is required to disclose material transactions with related parties, which are bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers of the Statements to assess the extent to which the Authority may have been constrained in its ability to operate independently, or may have secured the capacity to limit another party's ability to bargain freely with the Strategic Development Planning Authority.

#### Members

Members have direct control over the Strategic Development Planning Authority's financial and operational policies and decision making. No allowances or fees have been paid to Members in 2017/18 and there were no contracts awarded in which a Member had an interest.

#### Aberdeen City Council and Aberdeenshire Council

Aberdeen City Council and Aberdeenshire Council have a significant element of control over the general operations of the Strategic Development Planning Authority. They provide a significant element of funding through two specific grants and the elected Members that they appoint to the managing Board of the Strategic Development Planning Authority can exert significant influence on its operations and decision making processes. The amounts relating to each Council are detailed below.

	Amounts received from		Amounts paid to		Amounts due to/(from) as at 31 March	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2017 £000	2018 £000
Aberdeenshire Council	95	84	101	135	-	(73)
Aberdeen City Council	95	84	-	-	-	(69)

## **NOTES TO THE ACCOUNTS (continued)**

### **Officers**

The management of the Strategic Development Planning Authority is disclosed in the remuneration report on pages 6 - 8 of this document. These officers have the responsibility for planning, directing or otherwise controlling the activities of the Strategic Development Planning Authority. Their scope of control is determined by reference to the scheme of delegation and financial regulations adopted by the Strategic Development Planning Authority. The Strategic Development Planning Authority is satisfied that appropriate controls are in place to manage and monitor the activities of the key management personnel.

### **Note 15 Financial Instruments**

The Strategic Development Planning Authority's financial instruments comprise both debtors and creditors. All of these are for less than 12 months and are measured at fair value and subsequently carried at amortised cost which equates to the actual cash value at 31 March 2018.

There are no gains or losses recognised in the Comprehensive Income & Expenditure Statement in relation to financial instruments.

#### **Nature and Extent of Risks Arising from Financial Instruments:**

The Strategic Development Planning Authority has no material exposure to any of the following financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due.
- Liquidity risk – the possibility that the Strategic Development Planning Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Strategic Development Planning Authority as a result of changes in such measures as interest rates and stock market movements.

The Strategic Development Planning Authority has reviewed all financial risks and does not believe that it is required to make any provision within the financial statements for any financial risk exposure.

### **Note 16 Pension Scheme Accounted for as a Defined Contribution Scheme**

The Strategic Development Planning Authority's staff are on secondment from Aberdeen City and Aberdeenshire Council and as such are entitled to be members of the Superannuation Scheme which is administered by Aberdeen City Council. This provides staff with defined benefits upon their retirement, and the Strategic Development Planning Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

It is neither appropriate nor possible for the Strategic Development Planning Authority to identify a share of the underlying liabilities in the scheme attributable to its staff. For the purposes of the annual accounts it is therefore accounted for as a defined contribution scheme.

## NOTES TO THE ACCOUNTS (continued)

### Note 16 Pension Scheme Accounted for as a Defined Contribution Scheme (continued)

In 2017/18, the Strategic Development Planning Authority reimbursed Aberdeen City with £560, and Aberdeenshire Council with £14,244, (£14,525 in 2016/17) in respect of superannuation contributions representing 19.3% of pensionable pay (2016/17: 19.3%). The employing authority is responsible for all pension payments related to "added years" it has awarded, together with related increases. There are no awards in respect of staff seconded to the Strategic Development Planning Authority.

## **GLOSSARY OF TERMS**

### **EXPENDITURE**

#### **Administration Costs:**

Includes telephone, printing, stationery, advertising, postage, and training expenses.

#### **Supplies and Services**

Includes legal costs, audit fees and consultants' fees

### **INCOME**

#### **Requisitions:**

Funding received from the constituent authorities.

### **OTHER**

#### **The Code**

The Code of Practice on Local Authority Accounting in the United Kingdom

### **FAIR VALUE**

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For land and buildings, fair value is the amount that would be paid for the asset in its existing use.

### **ECONOMIC COST**

The total cost of performing an activity or following a decision or course of action.

