

Audited Annual Accounts

Year to 31 March 2025



www.tayside-contracts.co.uk

Tayside Contracts
Contracts House
1 Soutar Street
Dundee DD3 8SS

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Tayside Contracts Joint Committee (during 2024/25)

ANGUS COUNCIL

					
Councillor Brenda Durno	Councillor Serene Cowdy	Councillor Martin Shepherd	Councillor Bill Duff	Councillor Ross Greig	Councillor Craig Fotheringham

DUNDEE CITY COUNCIL

					
Councillor Steven Rome	Councillor Christina Roberts	Councillor Lynne Short	Councillor Wendy Scullen	Councillor Pete Shears	Councillor Craig Duncan

PERTH AND KINROSS COUNCIL

					
Councillor Grant Laing	Councillor Jack Welch	Councillor Sheila McCole	Councillor Caroline Shiers	Councillor Angus Forbes	Councillor Dave Cuthbert

Management Commentary Foreword to the Annual Accounts

Introduction

The Joint Committee's financial performance for the year ended 31 March 2025 is as set out in the Comprehensive Income & Expenditure Statement and the financial position is as set out in the Balance Sheet and Cash Flow Statement.

These annual accounts have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code).

The Statement of Accounts explains the Joint Committee's finances during the financial year 2024/25 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

Accounting Policies

The Statement of Accounting Policies sets out the basis upon which the annual accounts have been prepared and explains the accounting treatment of both general and specific items.

Statement of Responsibilities for the Statement of Accounts

This statement, as set out on page 28, sets out the main financial responsibilities of the Joint Committee of Tayside Contracts and the Proper Officer.

The Accounting Statements

Movement in Reserves Statement

This Statement, as set out on page 35, shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure) and other reserves. The 'Deficit on provision of services' line shows the cost of providing the Joint Committee's services and the contributions to the constituent Councils, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES).

Comprehensive Income and Expenditure Statement (CIES)

This statement, as set out on page 36, shows the income and expenditure in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet

The Balance Sheet, as set out on page 37, shows the value as at the Balance Sheet date, of the Joint Committee's assets and liabilities. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that may be used to fund expenditure, subject to the need to

Management Commentary Foreword to the Annual Accounts

maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Joint Committee is not able to use to fund expenditure. This category includes reserves that hold unrealised gains and losses and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement, as set out on page 39, shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee 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 Joint Committee are funded by way of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee'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 Joint Committee.

Material Changes in Accounting Policy

Tayside Contracts continues to adopt the accounting policies required by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LASAAC). The 2024/25 Accounting Code of Practice introduced the requirement to implement IFRS 16 - Leases. The adoption of this standard has resulted in a material impact on the Balance Sheet, with the recognition of right-of-use assets within Property, Plant and Equipment totalling £10.2 million. The corresponding lease liabilities have increased non-current creditors by £1.6 million.

Acknowledgements

I would like to thank all Members of the Joint Committee and staff of Tayside Contracts for their support throughout what has again been a challenging but successful year. In particular, I would like to thank all of the finance staff for their commitment and hard work throughout the year and for their contribution to the finalisation of Tayside Contracts 2024/25 Statement of Accounts.

Paul Thomson

Paul Thomson CPFA
Proper Officer
Tayside Contracts
17 November 2025

Management Commentary Foreword to the Annual Accounts

Purpose

The purpose of this management commentary is to provide all our stakeholders including the public the relevant strategic and financial information on the performance of Tayside Contracts for the financial year 2024/25.

It also identifies the principal risks and challenges the organisation will be facing going forward and gives details in general terms on how these will be mitigated.

About us

Tayside Contracts Joint Committee (“Tayside Contracts” or “the Joint Committee”) is an excellent example of local authorities working together to the benefit of the public.

It is a commercial trading organisation of Angus, Dundee City and Perth and Kinross Councils being constituted under a Minute of Agreement entered into by the three constituent Councils in 1996, following local government reorganisation. The Minute of Agreement was last revised in 2018.

Tayside Contracts operates under a Joint Committee, comprising of 18 elected members:

- 6 elected members from Angus Council
- 6 elected members from Dundee City Council
- 6 elected members from Perth and Kinross Council

Tayside Contracts enables the constituent Councils to benefit from the economies of scale and retention of specialist services which the organisation offers. Our main business activities are the provision of catering, cleaning, facilities management, roads maintenance, winter maintenance, construction and fleet transport related services. We also operate a Quarry and Sign shop.

In addition, year on year Tayside Contracts has demonstrated what can be achieved through Councils sharing resources. Tayside Contracts clearly meets the stated aims of the Scottish Government and UK Government’s reform agenda of shared services within the public sector being the preferred way forward for the future.

Tayside Contracts:

- Is unique within Scotland as a joint local authority trading organisation and shared service.
- Employs around 2,500 people in 3,300 posts, with a number of employees filling more than one post.
- Has an annual turnover of £98 million.
- Returns surpluses to the three constituent Councils for reinvestment in services. Since 1996 it has returned over £33.8 million to the Councils in the form of distributions, for the Councils to reinvest in local public services. This represents an average return to the Councils of £1.2 million per annum.

Our main customers are the three constituent Councils, and the main users of our services are the residents and businesses who live and operate in the Tayside area.

Management Commentary Foreword to the Annual Accounts

Strategy

The Business Plan for the organisation covering the period 2024-27, was approved by the Joint Committee in August 2024 and is subject to annual review. This is a critical document for the success of Tayside Contracts, as it sets the organisation's direction for the next three years.

The Business Plan reflects the highly dynamic environment in which we are operating, particularly the extremely challenging financial future facing local government. The Plan also builds on the internal strengths of the organisation, and the opportunities available; whilst countering the weaknesses and threats facing Tayside Contracts.

The Business Plan benefitted by being created jointly, through extensive engagement with a wide range of stakeholders: -

1. Engagement Sessions with members of the Joint Committee.
2. Engagement session with the Governance and Strategy Group (GSG). The GSG consists of a senior officer of each of the constituent Councils and members of the Tayside Contracts Corporate Leadership Team (CLT).
3. Engagement session with affiliated Trade Unions.
4. Development sessions with managers across all areas of Tayside Contracts, and engagement sessions with members of staff.

The contribution and advice from these stakeholder groups were invaluable in producing a Business Plan which is ambitious, and which aligns with the expectations of the Joint Committee and constituent Councils, whilst drawing on the passion creativity and experience of our staff within the organisation.

Our vision for Tayside Contracts is to be:

"A high performing and expanding shared service; proud of what we do and chosen for how we do it".

The Business Plan is built on 5 Strategic Priorities (the 5 'Cs'):

- Confidence, Trust and Relationships
- Commercial Approach
- Collaboration and Sharing
- Continuous Improvement and Performance
- Communities, Councils and Customers

Actions and performance indicators have been incorporated into the Business Plan, and are monitored, and reported to the Joint Committee.

A full copy of the approved Business Plan can be found on our website - [business_plan_2024 by taysidecontracts](#)

Management Commentary Foreword to the Annual Accounts

Results

For the financial year 2024/25, Tayside Contracts a distribution of £813k, reflecting strong performance across the organisation.

2024/25 presented significant challenges for Tayside Contracts and its constituent Councils, primarily driven by another substantial pay award, which placed considerable pressure on budgets. Although other inflationary pressures have begun to stabilise, they remained above pre-pandemic levels throughout the year. Despite these hurdles, robust financial management and strategic planning enabled us to sustain a positive financial outcome.

The achieved distribution was generated from income of £97,857k, representing a decrease of £1,953k (2%) compared to the 2023/24 income of £99,810k. Within this, the Construction Division's turnover declined by £3,683k, while the Facilities Services Division saw an increase of £1,730k.

The Comprehensive Income and Expenditure statement reports a Surplus on Provision of Services of £315k. After various accounting adjustments, including those related to IAS 19 pension obligations, the achieved distribution stands at £813k. Excluding the impact of IAS 19 adjustments, both trading divisions (the Construction and Facilities Services Divisions) would have met the requirements of the Local Government in Scotland Act 2003 by achieving a break-even position over a rolling three-year period.

Over this three-year period, the statutory trading distributions recorded were £2,544k for the Construction Division and £361k for the Facilities Services Division. However, once IAS 19 Employee Benefits adjustments are applied to reflect future pension liabilities, a charge is made against the trading accounts. This results in the Facilities Services Division showing a deficit of £4,018k, while the Construction Division maintains a profit of £418k.

Trading Performance

Construction Division

The Construction Division encompasses road and winter maintenance, street lighting, quarry operations, the sign shop, and fleet services. In 2024/25, income exceeded budget expectations by £3,439k. However, associated costs, including labour, materials, plant, and subcontractors, also exceeded budget by £3,246k, resulting in a distribution of £608k, which is £193k above budget.

Overall, the Construction Division had a successful year. Key contributors included Scottish Government funded active travel projects and significant additional work from private customers and new constituent Councils. The quarry also benefited from substantial sales linked to the Cross Tay Link Road project in Perth & Kinross. These factors, combined with operational improvements, efficiency measures, and overhead savings, helped generate the surplus.

Management Commentary Foreword to the Annual Accounts

Facilities Services Division

The Facilities Services Division comprises Facilities Management (FM) and Catering Units, both of which continue to demonstrate solid operational and financial performance.

School meal numbers increased steadily during the year, although lengthy teacher strikes in 2024, particularly in Perth & Kinross where ten days of trading were lost, and severe weather disruptions negatively affected meal volumes. Income for the Facilities Services Division exceeded budget by £132k, and expenditure also exceeded budget by £181k, resulting in a distribution of £205k, which is £49k below budget.

Overall Financial Performance

Tayside Contracts achieved a distribution of £813k from a turnover of £97,857k, outperforming the budgeted surplus of £670k.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (Note 5) outlines how Tayside Contracts' annual expenditure is utilised and funded, comparing this with the income and resources recognised in accordance with generally accepted accounting practices (GAAP). It also illustrates how expenditure is allocated between Tayside Contracts' trading operations for internal decision-making purposes. A more detailed presentation of income and expenditure under GAAP is provided in the Comprehensive Income and Expenditure Statement (CIES).

Note 9 reconciles the trading account deficits with the distributable surplus for the year and shows the respective contributions of the Construction Division and Facilities Services Division. For further context, Note 8 explains how trading account outcomes are incorporated into the CIES.

Balance Sheet

As at 31 March 2025, Tayside Contracts' Balance Sheet reflects a significant change in accounting policy effective from 1 April 2024, following the introduction of IFRS 16 – Leases and the revised treatment of peppercorn leases. There is an overall increase in net assets and unusable reserves of £11 million, of which £10.2 million relates to the implementation of IFRS 16. The balance sheet also continues to be influenced by its pension position, measured in accordance with IAS 19 – Employee Benefits. The pension liability is reported at £2,023k, a reduction from £2,287k in 2023/24, reflecting the actuarial valuation for the year.

Non current assets increased by £13,500k to £29,583k, largely due to the implementation of International Finance Reporting Standard (IFRS) 16 – Leases. Capital investment of £3.7k in new assets was partially offset by depreciation and asset disposals. Long-term liabilities, excluding the IAS 19 pension liability, rose by £2,364k to £12,874k.

Management Commentary Foreword to the Annual Accounts

Provisions reduced slightly by £7k to £1,062k. These are reviewed annually to ensure appropriate coverage for all known liabilities.

At 31 March 2025, the bank balance stood at £6,574k, a significant improvement compared to the overdraft of £2,089k at 31 March 2024.

Usable reserves totalled £1,079k, comprising solely of the General Fund.

Cash Flow

The Cash Flow Statement records a net cash increase of £8,663k during 2024/25. This movement was driven primarily by an inflow of £12,735k from operating activities, partially offset by capital and financing outflows totalling £4,446k. As a result, the year end bank balance improved to £6,574k from an overdraft of £2,089k the previous year.

Debt Management

Effective debt management remains a priority, particularly in light of ongoing challenges in the Construction sector. The robust credit control procedures introduced in previous years continue to be effective, resulting in a minimal bad debt provision for 2024/25.

Achieved Distribution

In line with the commitment outlined in our Business Plan, Tayside Contracts aims to return a minimum annual distribution of £750k to its constituent Councils. For 2024/25, a distribution of £813k has been achieved, fulfilling this obligation.

Achieved distributions are allocated based on the turnover percentages of each Council in the previous financial year, as approved by the Joint Committee on 18 November 2024. Accordingly, the 2024/25 achieved distributions will be shared as follows:

- Angus Council: 29%
- Dundee City Council: 30%
- Perth & Kinross Council: 41%

The Market

In 2024/25, 93% of Tayside Contracts' income was derived from its constituent Councils through a mix of partnering agreements, awarded works, and competitive tenders based on each Council's best value approach. The remaining 7% was mainly sourced from external work and sales of materials from Collace Quarry.





Management Commentary Foreword to the Annual Accounts






Key Performance Indicators (KPIs)

The table below outlines the target KPIs for 2024/25. Performance against these indicators is monitored by the Joint Committee through the Annual Performance Report.





Further information is available in our published Annual Performance Reports on our website:

<https://www.tayside-contracts.co.uk/publications>.





Strategic Priorities/Enablers	KPI	RAG Status	Analysis		2024/25	2023/24
Confidence Trust & Relationships	Number of Complaints		55 complaints were received during 2024/25, significantly more than the target of fewer than 26. While this represents a notable increase, our complaints process plays a vital role in identifying areas for improvement, enabling us to enhance service delivery, boost customer satisfaction, and strengthen operational performance	Actual	55	26
				Target	>26	
Confidence Trust & Relationships	Works requiring remedial action		A lower number of works requiring remedial action against target was achieved. A low rate of remedial work demonstrates strong quality control	Actual	10 of 600 works	12 of 600 works
				Target	<12 of 600 works	£5m
Commercial Approach	Additional income through increased shared service with constituent councils		£6.9m turnover was achieved through external sources, £1.4m more than target, demonstrating strong commercial growth and improved market performance	Actual	£6.9m	£5.5m
				Target	£5.5m	£5m
Collaboration & Sharing	Increased shared service		Collaborative turnover was £5.3m more than target, reflecting strong partnership working	Actual	£90.8m	£94.2m
				Target	£85.5m	£85m

Strategic Priorities/Enablers	KPI	RAG Status	Analysis		2024/25	2023/24
Collaboration & Sharing	Increased uptake of school meals (of school roll)		Our target was to increase school meal uptake to more than 54%. The actual uptake achieved was 54%, meaning we met the target threshold but fell just short of exceeding it. We recognise this as a positive step forward and will continue to build on this momentum to drive further growth in future periods	Actual	54%	54%
				Target	>54%	
Collaboration & Sharing	Increased uptake of free school meals (of FSM entitlement & UFSM)		Our target was to increase the uptake of free school meals to more than 58%. This was exceeded, with actual uptake reaching 61%. This positive outcome reflects ongoing efforts to promote the service and ensure that eligible pupils are accessing the support available	Actual	61%	58%
				Target	>58%	
Communities, Councils & Customers	Level of local procurement spend		Local procurement spend exceeded the 43% target, with actual spend reaching 51%. This highlights our positive impact on local economic development and our commitment to community benefits	Actual	51%	42%
				Target	43%	£5m
Communities, Councils & Customers	Living wage employer		We retained our target of Living Wage Accredited employer during the year, reinforcing our commitment to fair employment practices	Actual	Retained	Achieve
				Target	Retained	Achieved
Leadership	Management performance		The target was for more than 85% of employees to be assessed as competent or excelling. The actual outcome was 85%, indicating that the target was met, though it fell marginally short of the threshold. Continued focus will be placed on maintaining and enhancing high standards of employee performance across the organisation	Actual	85%	85%
				Target	>85%	

Management Commentary Foreword to the Annual Accounts

Strategic Priorities/Enablers	KPI	RAG Status	Analysis		2024/25	2023/24
Financial Management, Governance & Risk	Compliance with governance frameworks		We achieved a 97% compliance rate with corporate governance standards, exceeding the more than 88% target. This reflects high governance standards	Actual	97%	93%
				Target	>88%	>80%
Technology	Cyber essentials		Achieving Cyber Essentials certification confirms that we have implemented essential cybersecurity controls to protect against common threats. It strengthens our security position, demonstrates our commitment to data protection, and builds trust with stakeholders	Actual	Achieved	
				Target	Achieved	
Technology	Security incidents		Having no security incidents during the year reflects the strength of our cybersecurity controls, user awareness and proactive risk management	Actual	0	1
				Target	0	0
Leadership	Positive leadership results		Positive leadership, as measured through Investors in People and internal employee surveys, achieved an 81% satisfaction rating, meeting the target of exceeding 80%. This result reflects a strong and supportive leadership culture across the organisation	Actual	81%	80%
				Target	>80%	

Management Commentary Foreword to the Annual Accounts

Strategic Priorities/Enablers	KPI	RAG Status	Analysis		2024/25	2023/24
People	Decrease in sickness absence		The target was to reduce sickness absence to less than 6.3%. The actual result was 6.2%, meeting the KPI by 1%.	Actual	6.2%	6.2%
				Target	<6.3%	
People	Decrease in employee turnover		The employee turnover rate of 14.5% met the target of staying below 14.9%, indicating positive progress in retention efforts	Actual	14.5%	14.9%
				Target	<14.9%	
People	Decrease in RIDDOR accidents		13 RIDDOR accidents were recorded against a target of fewer than 16, demonstrating effective safety performance and progress in managing workplace risks	Actual	13	16
				Target	<16	
Financial Management, Governance & Risk	Surplus level		Financial targets were achieved, with the organisation delivering distributions of £813k, exceeding the target of £671k. This demonstrates strong financial management	Actual	£813k	£1,064k
				Target	£671k	£752k

Management Commentary Foreword to the Annual Accounts

Our Employees

The success of Tayside Contracts is reliant on our employees. This has been no exception during the last 12 months, with our employees working tirelessly, under the most difficult circumstances. Without this commitment and dedication many of the core services that our stakeholders have been required to deliver to support our schools and communities, as well as keeping the road network serviced and maintained in various weather conditions, would not have been possible.

Continuous Improvement

During 2024/25, Tayside Contracts implemented a range of improvements designed to enhance operational efficiency, generate additional income, and strengthen governance. Key achievements include:

- We continued to grow our operations, generating additional income, and delivering more efficient services. Examples include:
 - Provision of depot and winter maintenance services to the North East Scotland Trunk Road operator (Amey)
 - Delivery of bus shelter cleaning services for Dundee City Council
 - Supply of coated and uncoated stone material from Collace Quarry to the major Cross Tay Link Road Project
- Through our 'Future Thinking' programme, we undertook a comprehensive review of our organisational structure. This has significantly reshaped our management and support services, resulting in annual recurring savings of £500k. The restructure ensures we remain fit for purpose and strategically positioned, with experienced and dynamic individuals in key leadership roles.
- We continued to deliver our Community Fund programme, supporting local community and charity groups with initiatives such as signage provision, meal services and minor construction works. These projects are funded by the Community Fund, which receives contributions from Brakes, a key national food supplier, as part of their community benefit obligation under national procurement arrangements.
- Our ongoing change plan programme, which systematically identifies opportunities for transformation, efficiency improvements, income generation, and service realignment, has delivered cumulative financial savings of approximately £3.5m, since 2022/23.

Management Commentary Foreword to the Annual Accounts

Outlook: budget, principal risks, uncertainties and opportunities

Tayside Contracts entered the 2024/25 financial year facing sustained and significant financial pressures. The ongoing constraints on public sector funding, coupled with the residual impacts of high inflation and the continuing global instability, particularly in Ukraine and the Middle East, created a highly challenging operating environment. Pay awards, particularly those that are bottom loaded to address wage inequality, have increased our expenditure pressures, with the 2024/25 award alone adding £1 million in additional costs. There is a high likelihood of further increased national settlements in 2025/26, which will require careful financial planning and continued engagement with our constituent councils to maintain service delivery and value for money.

Global supply chain disruptions remain a key risk and continue to impact availability and pricing of essential goods and services, putting strain on our operational budgets. Despite these pressures, inflationary trends have begun to stabilise to more typical levels, offering potential relief in the medium term. In the meantime, proactive financial management, close partnership working with local authorities, and a commitment to innovation in service delivery remain crucial to mitigating these risks.

Looking further ahead, while fiscal constraints are expected to persist, there is cautious optimism for a more stable economic landscape, with national inflationary pressures expected to ease. This will provide Tayside Contracts with greater predictability in financial planning, and the potential to reinvest in service improvements.

We see real opportunities in key strategic developments such as the Tay Cuisine Central Production Unit. This initiative not only enables cost efficiencies in school meal provision but positions Tayside Contracts to expand services in alignment with the Scottish Government’s commitment to universal free school meals. There may also be future opportunities for cross-council collaboration and external commercial growth.

Digital transformation and process automation also offer longer term opportunities to increase efficiency, reduce manual tasks, and enhance value for money. However, this will require upfront investment and careful change management.

Tayside Contracts is supported by experienced and resilient leadership, with robust strategies in place to respond dynamically to changing conditions. We remain focused on maintaining service excellence, delivering best value, and identifying sustainable growth and improvement opportunities despite the continuing economic challenges.


Douglas McKay
Managing Director
Tayside Contracts
17 November 2025

Paul Thomson
Paul Thomson CPFA
Proper Officer
Tayside Contracts
17 November 2025

Gavin Nicol
Councillor Gavin Nicol
Convener
Tayside Contracts Joint Committee
17 November 2025

Annual Governance Statement

Scope of Responsibility

Tayside Contracts Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards thereby ensuring that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Joint Committee also has a duty to secure continuous improvement in the way its services are delivered.

In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Joint Committee's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end, the Joint Committee has approved and adopted a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government. Tayside Contracts' Chief Finance Officer (Proper Officer) complies with the principles set out in CIPFA's Role of the Chief Financial Officer (2016). This statement explains how Tayside Contracts Joint Committee delivers good governance and reviews the effectiveness of these arrangements.

The Joint Committee's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Joint Committee is directed and controlled. It also describes the way it engages with, accounts to and leads the local community through the services it provides to the three constituent Councils. It enables the Joint Committee to monitor the achievement of its objectives and consider whether those objectives have resulted in the delivery of appropriate, cost effective services.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is reviewed by the Managing Director and the Corporate Leadership Team.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or are detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.

The overall control arrangements include:

- Identifying the Joint Committee's objectives in the Business Plan, subsequently translated into actions in corporate, divisional and unit service improvement plans
- Monitoring of objectives and service performance by Senior Officers and the Joint Committee
- Comprehensive revenue and capital budgeting systems
- Cashflow management and forecasting
- Setting targets to measure financial and other performance

Annual Governance Statement

- Preparation of regular financial monitoring reports which indicate actual and projected expenditure against budget
- Annual financial reports which indicate actual financial performance against budget
- Clearly defined Standing Orders, Scheme of Delegation, Financial Regulations and Tender Procedures
- Formal project appraisal techniques and project management disciplines
- A code of practice on managing the risk of fraud and corruption; Anti-Bribery and Anti-Corruption policy and Fraud Policy
- Regular reporting of performance and projected outcomes to the Joint Committee
- Public performance reporting by means of an Annual Performance Report
- IT Security policy
- Employee Code of Conduct
- Effective Human Resources policies
- Annual performance appraisals (Tay Reviews)
- Risk Management Strategy

Review of Effectiveness

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services, and consider recommendations made by external auditors and other review agencies and inspectorates. The effectiveness of the governance framework is reviewed annually by the Managing Director and the Corporate Leadership Team, including the use of a self-assessment tool involving completion of a checklist covering eight key areas of governance:

- Service Planning and Performance Management
- Internal Control Environment
- Fraud Prevention and Detection
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Asset Management
- Partnerships
- Information Governance

This self-assessment indicates a strong level of compliance.

The Joint Committee operates a range of corporate financial systems, which are subject to review by both internal audit and by the external auditor, Audit Scotland. Audit Scotland was appointed as external auditors for the five year period from 2016/17 to 2020/21. This has subsequently been extended through the Accounts Commission's auditor appointment process for another 5 years commencing in 2023/24. Henderson Loggie was appointed as internal auditors for 2 years from 2023/24 and has been extended for a further year to 2025/26. A strategic internal audit plan was developed from which the audit plan for 2023-26 was formulated and approved by the Joint Committee.

Annual Governance Statement

The internal audit service operates in accordance with the Public Sector Internal Audit Standards 2017 and takes cognisance of the standards promoted by CIPFA and other external organisations such as Audit Scotland. Internal audits comply with CIPFA Role of the Head of Internal Audit guidance. In undertaking its duties, the internal audit service has unrestricted access to all data and records and is responsible for providing an independent opinion to the Joint Committee on the effectiveness of the internal control environment and the degree to which it supports and promotes the achievement of the Joint Committee's objectives. The key thrust of internal audit work is to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The key areas covered in the 2024/25 internal audit programme were:

- Estimating/Job Costing ledger
- Debtors/Income
- External Relations

All agreed areas for improvement identified by Internal Audit are progressed to appropriate timescales, as are actions brought forward from previous years' audits. Most of the remaining agreed actions brought forward are either fully implemented or partly/substantially complete.

The Joint Committee acknowledges its responsibility for ensuring that Tayside Contracts has a sound system of governance, incorporating an effective system of internal control. This system is designed to manage risk to a reasonable level and to support the achievement of the organisation's objectives in accordance with the principles set out in Tayside Contracts' Local Code of Corporate Governance. In conclusion, we are satisfied that the annual review of governance, supported by the work of internal and external auditors and the application of a governance checklist completed by our Corporate Leadership Team, provides sufficient assurance that the principles of good governance have been effectively maintained. We confirm that the Joint Committee continues to comply with the Local Code of Corporate Governance in all significant respects. Further enhancements to governance arrangements will be pursued during 2025/26, focusing on areas identified for improvement.



Douglas McKay
Managing Director
Tayside Contracts

17 November 2025



Councillor Gavin Nicol
Convener
Tayside Contracts Joint Committee

17 November 2025

Remuneration Report

Introduction

Tayside Contracts is required to prepare and publish within its Statement of Accounts a Remuneration Report under the Local Authority Accounts (Scotland) Regulations 2014. The following report has been prepared in accordance with the aforementioned Regulations.

The report sets out the remuneration and accrued pension benefits of the Senior Employees of the organisation. The report also provides information on the number of employees (including Senior Employees) whose total actual remuneration was £50,000 or more; this information being disclosed in salary bandings of £5,000.

Tayside Contracts' External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. The tables "General Disclosure by Pay Band", "Remuneration for Relevant Persons" and "Exit Packages" along with the Pension Benefits section are subject to audit, and the remainder of the report is subject to review.

Remuneration Arrangements

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities and Circular IR 11-23b sets the amount of salary for the period 1 April 2024 – 31 March 2025.

The salary of Tayside Contracts' Managing Director is based on a comparison with Chief Officials within other local authorities and takes account of the unique additional responsibilities of this post compared to that of these posts. This was agreed by the Joint Committee at its meeting on 27 January 2003, report number JC1/2003 entitled "Review of Chief Officers' Salaries" refers.

General Disclosure by Pay Band

The table below details the number of employees whose remuneration was £50,000 or more.

Remuneration Report

General Disclosure by Pay Band (subject to audit)

Remuneration Bands (£)	Number of Employees	
	2023-24	2024-25
50,000 – 54,999	19	19
55,000 – 59,999	9	5
60,000 – 64,999	1	7
65,000 – 69,999	1	-
70,000 – 74,999	6	-
75,000 – 79,999	1	2
80,000 - 84,999	1	3
85,000 – 89,999	-	3
105,000 – 109,999	2	-
110,000 – 114,999	-	1
125,000 – 129,999	-	1
130,000 – 134,999	1	-
135,000 – 139,999	-	1

Remuneration for Relevant Persons

This following table provides details of the remuneration for those employees designated as being “Senior Employees” within the relevant legislative guidance.

The senior employees included in the report include any employee who has responsibility for management of the organisation to the extent that the person has power to direct or control the major activities of the organisation (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons, and as such, constitutes the members of the Executive Officers Team of Tayside Contracts. The Executive Officers Team had no taxable expenses.

There is no remuneration paid in respect of Councillors by Tayside Contracts.

Remuneration Report

Remuneration for Relevant Persons (subject to audit)

Post	Post Holder	2023/24 Total Remuneration	2024/25 Total Remuneration
		£'000	£'000
Managing Director	Keith McNamara	131	136
Head of FM and Human Resources	Frank Reilly	108	65
Head of Operations	Douglas McKay	108	112
Strategic Lead – Finance & Governance	Diane Kidd	85	89

Remuneration Report

Pension Benefits

The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. A person who has been granted a credited period is entitled to receive compensation in the form of a lump sum and is also entitled to receive annual compensation. Where applicable, both the lump sum and annual compensation is included within the compensation for loss of employment category.

Pension disclosure

Pension benefits for local government employees are provided through the Local Government Pension Scheme (LGPS).

For local government employees from 1 April 2015 this is a career average pension scheme. Prior to this it was a final salary pension scheme. The schemes retirement age for employees is the normal pension age (state pension age).

At 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This was designed to give more equality between the costs and benefits of scheme membership as prior to that the contributions rates were set at 6% for all non-manual employees.

The marginal rates of pension contribution paid by members, including Senior Employees, are shown in the table below. The contributions to the pension scheme made by the Senior Employees included in this report in 2024/25 amounted to £38k (2023/24: £33k).

Pension Disclosure

Whole Time Pay	Contribution Rate 2023/24 and 2024/25
On earnings up to and including £27,000 (2023/24: up to £25,300)	5.50%
On earnings above £27,001 to £33,000 (2023/24: £25,301 to £31,100)	7.25%
On earnings above £33,001 to £45,300 (2023/24: £31,101 to £42,500)	8.50%
On earnings above £45,301 to £60,400 (2023/24: £42,501 to £56,600)	9.50%
On earnings above £60,401 and above (2023/24: above £56,601)	12.00%

Remuneration Report

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. From 1 April 2015 the scheme is a career average scheme; prior to this it was a final salary based scheme where the accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

Assumptions and Contextual Information

The value of the accrued benefits has been 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 any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

Pension Benefits of Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Joint Committee to each Senior Employees' pension during the year.

Pension Benefits of Senior Employees (subject to audit)

		In-year pension contributions		Accrued Pension Benefits		
		For Year to 31 March 2024	For Year to 31 March 2025		As at 31 March 2025	Difference from 31 March 2024
Post	Post Holder	£'000	£'000		£'000	£'000
Managing Director	Keith McNamara	13	13	Pension Lump Sum	80 123	6 11
Head of FM and Human Resources	Frank Reilly	10	6	Pension Lump Sum	39 259	(12) 197
Head of Operations	Douglas McKay	10	10	Pension Lump Sum	59 78	6 3
Strategic Lead – Finance & Governance	Diane Kidd	7	8	Pension Lump Sum	9 -	3 -

In considering the accrued pension benefits figures the following contextual information should be taken into account:

Remuneration Report

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2024/25, the scheme member effective contribution rate for Senior Employees was in the range of 5.0% to 10.0% of pensionable pay. In 2024/25, the employer contribution rate was 15.5% of pensionable pay for all members, including Senior Employees.

Exit packages

During the year, a number of exit packages were agreed. The total cost per band and total cost of all exit packages are set out in the table below:

Exit packages (subject to audit)

		2023/24	2024/25	2023/24	2024/25
		Number of departures Number	Number of departures Number	Cost of departures £'000	Cost of departures £'000
Voluntary					
£0	- £20,000	3	1	9	14
£20,001	- £40,000	-	3	-	68
£40,001	- £60,000	-	3	-	129
£60,001	- £80,000	-	1	-	64
Total voluntary exits		3	8	9	275
Compulsory					
£0	- £20,000	7	21	49	117
£20,001	- £40,000	2	-	29	-
£40,001	- £60,000	1	-	53	-
Total compulsory exits		10	21	131	117
Total exit packages		13	29	140	392

Remuneration Report

Trade Union Facility Time (not subject to audit)

During the year a number of employees were Trade Union Representatives. The employee number, percentage of working hours on facility time and percentage of the total pay cost are set out in the table below:

Number of Employees who were Trade Union Representatives		23
Percentage of working hours on facility time		Number of Representatives
0%		11
1%-25%		12
Total cost of facility time	Total Pay Cost	Percentage of the total pay cost spent on facility time
£10,746	£53,890,982	0.02%

Tayside Contracts do not pay union representatives for union activities such as conferences and training. Therefore, the time spent on all trade union activities as a percentage of total paid facility time hours is not available.


Douglas McKay
Managing Director
Tayside Contracts
17 November 2025

Gavin Nicol
Councillor Gavin Nicol
Convener
Tayside Contracts Joint Committee
17 November 2025

Statement of Responsibilities for the Annual Accounts

The Responsibilities of the Joint Committee

The Joint Committee is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director of Corporate Services, Dundee City Council as Proper Officer for this purpose, while the daily management of the financial affairs is conducted by the Managing Director of Tayside Contracts.
- 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 audited Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on 17 November 2025.

Gavin Nicol

Signed on behalf of Tayside Contracts
Councillor Gavin Nicol
Convener, Tayside Contracts Joint Committee
17 November 2025

The Responsibilities of the Proper Officer

The Proper Officer is responsible for the preparation of Tayside Contracts' Statement of Accounts in terms of the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing these Annual Accounts, the Proper Officer 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 Code of Practice.

The Proper Officer has also:

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

Statement of Responsibilities for the Annual Accounts

I certify that the audited Annual Accounts give a true and fair view of the financial position of Tayside Contracts at the reporting date and the transactions of Tayside Contracts for the year ended 31 March 2025.

Paul Thomson

Paul Thomson, CPFA

Proper Officer, Tayside Contracts

17 November 2025

Independent Auditors Report to the Members of Tayside Contracts Joint Committee and the Accounts Commission

Reporting 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 Tayside Contracts for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement 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 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 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)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 was appointed by the Accounts Commission on 12 May 2025. My period of appointment is three years, covering 2024/25 to 2026/27. I am independent of the body 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. Non-audit services prohibited by the Ethical Standard were not provided to the body. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to

Independent Auditors Report to the Members of Tayside Contracts Joint Committee and the Accounts Commission

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 body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Proper Officer and Joint Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Proper Officer 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 Proper Officer 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 Proper Officer is responsible for assessing the body'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 there is an intention to discontinue the body's operations.

The Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

Independent Auditors Report to the Members of Tayside Contracts Joint Committee and the Accounts Commission

- using my 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 body;
- inquiring of the Proper Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Proper Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my 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 my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body'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 skilfulness 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 my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

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

Independent Auditors Report to the Members of Tayside Contracts Joint Committee and the Accounts Commission

Other information

The Proper Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My 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 my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Management Commentary and Annual 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 Annual Governance Statement

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.

I have nothing to report in respect of these matters.

Independent Auditors Report to the Members of Tayside Contracts Joint Committee and the Accounts Commission

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my 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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Peter Lindsay

Peter Lindsay
Senior Audit Manager
17 November 2025
Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure) and other reserves. The 'surplus/(deficit) on provision of services' line shows the cost of providing the Joint Committee's services and the contributions to the constituent Councils, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES).

Movement in Reserves

	General Fund Balance	Capital Receipts Reserve (Note 25)	Total Usable Reserves	Total Unusable Reserves (Note 26)	Total Reserves
	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2023	1,079	-	1,079	61	1,140
Movement in Reserves During the Year					
Surplus on provisions of services	1,134	-	1,134	-	1,134
Other comprehensive income and expenditure	-	-	-	(1,060)	(1,060)
Total comprehensive income and expenditure	(1,134)	-	(1,134)	(1,060)	74
Adjustments between accounting basis and funding basis under regulations (Note 12)	(1,134)	-	(1,134)	1,134	-
Increase in Year	-	-	-	74	74
Balance as at 31 March 2024	1,079	-	1,079	135	1,214
Adjustments on transition to new accounting arrangements for leases	10,231	-	-	-	10,231
Transitional adjustments between accounting basis and funding basis	(10,231)	-	-	10,231	-
Adjusted balance as at the 31st of March 2024	1,079	-	1,079	10,366	11,445
Movement and reserves during the year					
Deficit on provision of services	(415)	-	(415)	-	(415)
Other comprehensive income and expenditure	-	-	-	1,207	1,207
Total comprehensive income and expenditure	(415)	-	(415)	1,207	792
Adjustments between accounting basis and funding bases under regulations [note 12]	415	-	415	(415)	-
Increase in year	-	-	-	792	792
Balance as a 31st March 2025	1,079	-	1,079	11,158	12,237

The notes on pages 40-78 form an integral part of these financial statements

Comprehensive Income & Expenditure Statement

The Total Comprehensive Income and (Expenditure) statement shows the accounting cost in year of providing services in accordance with the generally accepted accounting practices.

Comprehensive Income & Expenditure Statement

		2023/24			2024/25		
	Note	Gross expenditure (restated)	Gross income (restated)	Net	Gross expenditure	Gross income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Construction division	5,6,8	(52,238)	54,038	1,800	(49,449)	50,355	906
Facilities division	5,7,8	(45,796)	45,772	(24)	(48,093)	47,502	(591)
Surplus on continuing operations		(98,034)	99,810	1,776	(97,542)	97,857	315
Other operating income	13			147			41
Financing and investment expenditure	14			275			42
Contributions to constituent councils	5,10			(1,064)			(813)
Surplus/(deficit) on provision of services				1,134			(415)
Actuarial (losses)/gains on pension assets and liabilities	32			(1,060)			1,207
Other comprehensive income and expenditure				(1,060)			1,207
Total comprehensive income and expenditure				74			792

The notes on pages 40-78 form an integral part of these financial statements

Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the Joint Committee's assets and liabilities. The net assets/(liabilities) of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that may be used to fund expenditure, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Joint Committee is not able to use to fund expenditure. This category includes reserves that hold unrealised gains and losses and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

Balance Sheet			
	Note	31 March 2024 £'000	31 March 2025 £'000
Plant & equipment	15	12,134	13,011
Assets under construction	15	638	1,173
Land & buildings	15	1,518	1,776
Right-of-use-asset	15	1,793	13,623
Non-current assets		16,083	29,583
Inventories	19	2,482	2,510
Short term debtors	20	16,656	9,225
Cash & cash equivalents	21	-	6,574
Current assets		19,138	18,309
Bank overdraft	21	(2,089)	-
Short term borrowing	22	(1,670)	(1,886)
Short term creditors	23	(16,875)	(18,303)
Short term provisions	24	(576)	(569)
Current liabilities		(21,210)	(20,758)
Net current liabilities		(2,072)	(2,449)
Long term provisions	24	(493)	(493)
Long term borrowing	22	(9,229)	(10,439)
Other long term liabilities	31,32	(3,075)	(3,965)
Long term liabilities		(12,797)	(14,897)
Net assets		1,214	12,237
Usable reserves		(1,079)	(1,079)
Unusable reserves	26	(135)	(11,158)
Total reserves		(1,214)	(12,237)

The notes on pages 40-78 form an integral part of these financial statements.

Balance Sheet

Paul Thomson

Paul Thomson CPFA

Proper Officer

17 November 2025

The unaudited annual accounts were issued on 23 June 2025, and the audited accounts were authorised for issue on 17 November 2025

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows and 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 Joint Committee are funded by way of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee'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 Joint Committee.

Cash Flow Statement

	Note	2023/24 (restated) £'000	2024/25 £'000
Net surplus/(deficit) on the provision of services		1,134	(415)
Adjustments to surplus/(deficit) on the provision of services for non-cash movements	27(a)	2,883	12,800
Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	27(a)	410	350
Net cash flows from operating activities		4,427	12,735
Net cash flows from investing activities	27(b)	(3,169)	(4,042)
Net cash flows from financing activities	27(c)	(397)	(30)
Net increase in cash and cash equivalents		861	8,663
Cash and cash equivalents at the start of the reporting period		(2,950)	(2,089)
Cash and cash equivalents at the end of the reporting period		(2,089)	6,574
Cash balances			
Bank (overdraft)/balance	21	(2,089)	6,574
Cash and cash equivalents		(2,089)	6,574

The notes on pages 40-78 form an integral part of these financial statements.

Notes to the Financial Statements

1. Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Joint Committee is required to prepare an annual Statement of 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 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The Statements have been prepared in accordance with the fundamental accounting principles of relevance, reliability, comparability, understandability, materiality, accruals, going concern and primacy of legislative requirements. The accounting convention adopted in the Statement of Accounts is principally historical cost. The financial statements have been prepared on a going concern basis.

Summary of Significant Accounting Policies

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have 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 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.

Notes to the Financial Statements

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown inclusive of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

Prior Period Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) 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 corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the depreciation attributable to the assets used by the relevant service to record the cost of holding non-current assets during the year.

The Joint Committee is not required to fund depreciation and impairment losses through its revenue streams. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to loans fund principal charges. Depreciation and impairment losses are therefore replaced by the contribution in the General Fund Balance for loans fund principal, by way of an adjusting transaction within the Capital Adjustment Account and in the Movement in Reserves Statement for the difference between the two amounts.

Notes to the Financial Statements

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is calculated using the applicable wage and salary rates known at the time the annual accounts are prepared. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination and Post Employment Benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Joint Committee is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Joint Committee to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Tayside Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, (the discount rate being the annualised yield at the 19-year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities).
- The assets of the Tayside Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price.
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

Notes to the Financial Statements

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Joint Committee to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Joint Committee also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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 and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Inventories and Long-Term Contracts

Inventories are measured at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction, in which case their cost is deemed to be their fair value as at date of acquisition.

Inventories are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge, or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Work in progress is measured at the cost of work not invoiced at 31 March.

Notes to the Financial Statements

Leases

From 1 April 2024, the Joint Committee implemented IFRS 16 – Leases, as required by the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom.

IFRS 16 removes the distinction between finance leases and operating leases for lessees. Instead, the Joint Committee recognises a right-of-use (RoU) asset and a corresponding lease liability for all lease contracts that convey the right to use an identified asset for a period of time in exchange for consideration, except for the following exemptions:

- Short-term leases – those with a lease term of 12 months or less with no purchase option; and
- Low-value leases – leases of individually low-value items such as small IT or office equipment.

For these exempt leases, payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of future lease payments, discounted using a rate determined in accordance with the CIPFA/LASAAC Code of Practice. This rate reflects the interest rate implicit in the lease where it can be readily determined; where this is not available, a standard discount rate consistent with CIPFA guidance is applied. The liability is subsequently measured at amortised cost using the effective interest method, with interest charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The RoU is initially measured at cost, comprising the amount of the initial lease liability, any lease payments made at or before the commencement date, and any initial direct costs. The RoU asset is subsequently depreciated over the shorter of the lease term or the useful life of the underlying asset and is subject to impairment review in line with the accounting policy for Property, Plant and Equipment.

Premiums paid on entry into a lease reduce the lease liability. Any remeasurement of the lease liability (for example, from changes in lease term or payments) is reflected as an adjustment to the carrying amount of the RoU asset.

The implementation of IFRS 16 has resulted in the recognition of right-of-use assets and corresponding lease liabilities on the Balance Sheet, increasing total assets and liabilities by £10.2 million as at 1 April 2024.

Property, Plant and Equipment

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 are classified as Property, Plant and Equipment.

Notes to the Financial Statements

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Joint Committee and the cost of the item can be measured reliably. 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.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- 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; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is now located.

The Joint Committee does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Joint Committee). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Joint Committee.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Impairment

Assets are assessed as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down against the relevant Division in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant Division in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised, with corresponding entries made as appropriate to the Capital Adjustment Account.

Notes to the Financial Statements

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight line allocation over the useful life of the property. Buildings at Collace Quarry are depreciated over the remaining economic life of the quarry as estimated at the date of acquisition or construction of the building.
- vehicles, plant and equipment – straight line allocation over the useful life of each class of assets, ranging from 2 to 20 years, typically between 5 to 10 years to the estimated resale value of an asset in that group and of reasonable condition. This will be reviewed every 3 years and if a significant variance has arisen the residual values will be updated.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment.

Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against the General Fund, as the cost of fixed assets is fully provided for under the separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Joint Committee may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Notes to the Financial Statements

Provisions are charged as an expense to the appropriate Division in the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Joint Committee settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee.

Contingent liabilities also arise in circumstances 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 the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Joint Committee a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

Reserves are split between Usable and Unusable reserves in the Balance Sheet. Usable Reserves represent funds available to the Joint Committee. Unusable Reserves are kept in order to manage accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Joint Committee.

Notes to the Financial Statements

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Joint Committee has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of revenue expenditure.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

Borrowing

Borrowing represents the outstanding principal repayable (plus accrued interest) on loans arranged with Dundee City Council to finance capital expenditure. Interest is charged annually to the Comprehensive Income and Expenditure Statement in accordance with loan agreements. Loan terms are arranged to match the useful lives of assets financed.

Treatment of Surpluses/Deficits

An element of profit is included in each tender where possible and any profit made at the end of the year is used to fund capital expenditure (CFCR), transferred to the constituent Councils at an agreed amount and any remaining surplus transferred into reserves.

Any shortfall in surplus against the agreed distribution to the constituent Councils is met from reserves. In the event of a deficit arising, it would be met first from any available reserves and secondly by a contribution from each constituent Council.

Notes to the Financial Statements

2. Accounting Standards that have been issued but not yet been Adopted.

There are no accounting standards that have not been issued or adopted.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Joint Committee has to make certain judgements about complex transactions or those involving uncertainty about future events. There were no critical judgements made in preparing the Statement of Accounts.

4. Assumptions that have been made about the future

Pensions

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of actuaries is engaged by the pension fund administrators to provide the Joint Committee with expert advice regarding the assumptions to be applied.

Please refer to Note 32 for a sensitivity analysis for each significant actuarial assumption made.

Notes to the Financial Statements

5. Expenditure & Funding Analysis

The CIES and Funding Analysis are reported on the basis of how our services (Construction and Facilities) are structured and how they operate, monitor and manage financial performance.

Expenditure & Funding Analysis

	Net income/ (expenditure) chargeable to the general fund £'000	Adjustments between funding and accounting basis (Note 14) £'000	Net income/ (expenditure) in CIES
For the year ended 31 March 2024			
Construction Division	1,229	(571)	1,800
Facilities Services Division	392	416	(24)
Surplus/(deficit) on continuing operations	1,621	(155)	1,776
Other operating income	-	(147)	147
Financing & investment income/(expenditure)	(557)	(832)	275
Contributions to constituent councils	(1,064)	-	(1,064)
Surplus/(deficit) on provision of services	-	(1,134)	1,134
Decrease in general fund	-		
General fund balance as at 1 April 2023	1,079		
General Fund balance as at 31 March 2024	1,079		
For the year ended 31 March 2025			
Construction Division	941	35	906
Facilities Services Division	410	1,001	(591)
Surplus/(deficit) on continuing operations	1,351	1,036	315
Other operating income	-	(41)	41
Financing & investment income/(expenditure)	(538)	(580)	42
Contributions to constituent councils	(813)	-	(813)
Surplus/(deficit) on provision of services	-	415	(415)
Decrease in general fund	-	-	-
General fund balance as at 1 April 2024	1,079		
General Fund balance as at 31 March 2025	1,079		

Notes to the Financial Statements

6. Construction Division Statutory Trading Account

Notes 8 and 9 provide reconciliations of the Statutory Trading Account to the Comprehensive Income & Expenditure Statement and the movement in the General Fund balance respectively.

Construction Division Statutory Trading Account

2022/23 (restated) £'000	2023/24 (restated) £'000		2024/25 £'000	3 Year Total £'000
		Income		
46,586	50,511	Charges to constituent councils	45,906	143,003
4,633	3,527	Other income	4,450	12,610
-	-	Interest receivable	76	76
51,219	54,038		50,432	155,689
		Expenditure		
12,799	12,312	Direct labour	12,892	38,003
14,261	13,401	Direct purchases	10,923	38,585
7,149	9,251	Sub-contractors	7,074	23,474
2,884	3,419	Transport & plant hire	3,225	9,528
12,385	12,158	Overheads	13,181	37,724
2,070	1,680	Depreciation	1,976	5,726
428	421	Depot rental charges	410	1,259
268	276	Interest payable	428	972
52,244	52,918		50,109	155,271
(1,025)	1,120	Net surplus/(deficit) including IAS 19 adjustments	323	418

The financial objective set by the Local Government in Scotland Act (2003) determines that each Statutory Trading account must break even over a rolling three-year period. This objective is measured after adjusting for IAS 19 pension costs. However, due to the nature of IAS 19 adjustments, the significant impact they have on the trading surplus and the fact that they are a statutory requirement, trading surpluses/(deficits) have been disclosed above both inclusive of and excluding IAS 19 adjustments. Over the three-year period 2022/23 to 2024/25 the financial objective for the Construction Division has been achieved, with a surplus of £418k after applying IAS 19 adjustments. However, the measure of the operational trading performance is the three-year surplus of £2,544k excluding IAS 19 adjustments as shown below.

Notes to the Financial Statements

Construction Division Statutory Trading Account continued

2022/23 (restated) £'000	2023/24 (restated) £'000		2024/25 £'000	3 Year Total £'000
(1,025)	1,120	Net surplus/(deficit) including IAS 19 adjustments	323	418
IAS 19 adjustments included above				
1,652	46	Current service cost	228	1,926
30	26	Past service cost	144	200
1,682	72		372	2,126
657	1,192	Trading Account Surplus before IAS 19 adjustments	695	2,544

Notes 8 and 9 provide reconciliations of the Statutory Trading Account to the Comprehensive Income & Expenditure Statement and the movement in General Fund balance respectively.

Charges to constituent councils and direct purchases have been restated due to a misclassification between income and expenditure (Note 35).

Notes to the Financial Statements

7. Facilities Services Division Statutory Trading Account

Facilities Services Division Statutory Trading Account

2022/23 £'000	2023/24 £'000		2024/25 £'000	3 Year Total £'000
		Income		
39,174	43,762	Charges to constituent councils	44,959	127,895
1,883	2,010	Other income	2,543	6,436
-	-	Interest receivable	77	77
41,057	45,772		47,579	134,408
		Expenditure		
31,288	30,478	Direct labour	32,238	94,004
7,145	7,618	Direct purchases	7,898	22,661
5,622	7,491	Overheads	7,788	20,901
153	208	Depreciation	166	527
29	28	Depot rental charges	27	84
68	67	Interest payable	114	249
44,305	45,890		48,231	138,426
(3,248)	(118)	Net surplus/(deficit) including IAS 19 adjustments	(652)	(4,018)

The financial objective set by the Local Government in Scotland Act (2003) determines that each Statutory Trading Account must break even over a rolling three-year period. This objective is measured after adjusting for IAS 19 pension costs. However, due to the nature of IAS 19 adjustments, the significant impact they have on the trading surplus and the fact that they are a statutory requirement, trading surpluses/(deficits) have been disclosed above both inclusive of and excluding IAS 19 adjustments. Over the three-year period 2022/23 to 2024/25 the financial objective for the Facilities Services Division has not been achieved, with a deficit of £4,018k including IAS 19 adjustments. The measure of the operational trading performance is the three-year surplus of £361k excluding IAS 19 adjustments as shown below.

Notes to the Financial Statements

Facilities Services Division Statutory Trading Account continued

2022/23 £'000	2023/24 £'000		2024/25 £'000	3 Year Total £'000
(3,248)	(118)	Net surplus/(deficit) including IAS 19 adjustments	(652)	(4,018)
IAS 19 adjustments included above				
3,356	71	Current service cost	521	3,948
61	52	Past service cost	318	431
3,417	123		839	4,379
169	5	Trading Account Surplus before IAS 19 adjustments	187	361

Notes 8 and 9 provide reconciliations of the Statutory Trading Account to the Comprehensive Income & Expenditure Statement and the movement in General Fund balance respectively.

Notes to the Financial Statements

8. Reconciliation of Statutory Trading Accounts to the Comprehensive Income & Expenditure Statement

The accounting treatment of certain items of income and expenditure differs between the Statutory Trading Accounts and the Comprehensive Income & Expenditure Statement. In particular, internal trading requires to be eliminated and interest charges are identified separately in the Comprehensive Income & Expenditure Statement. A reconciliation between the two accounting statements is provided in the table below.

Reconciliation of Statutory Trading Accounts to the CIES

	Expenditure £'000	Income £'000	Net Income/ (Expenditure) £'000
Construction Division			
Total per statutory trading account (note 6)	(50,109)	50,432	323
Adjustments			
Difference between notional and actual deport costs	75	-	75
Interest receivable	-	(77)	(77)
Lease principal repayment	158	-	158
Interest charges	426	-	426
Comprehensive income & expenditure statement	(49,449)	50,355	906
Facilities Services Division			
Total per statutory trading account (note 7)	(48,233)	47,579	(654)
Adjustments			
Difference between notional and actual deport costs	27	-	27
Interest receivable	-	(77)	(77)
Interest charges	113	-	113
Comprehensive income & expenditure statement	(48,093)	47,502	(591)

Notes to the Financial Statements

9. Reconciliation of Statutory Trading Accounts to Movement in the General Fund Balance

Further to the reconciliation in Note 8 above, a number of accounting adjustments are required by the Code to produce the Movement in Reserves Statement. The table below provides reconciliation between the surplus/(deficit) reported in the Trading Accounts and the increase in the General Fund balance, with an analysis between the Construction and Facilities Divisions.

Reconciliation of Statutory Trading Account to Movement in the General Fund Balance

2023/24 Trading Account				2024/25 Trading Account		
Construction Division	Facilities Services Division	Total		Construction Division	Facilities Services Division	Total
£'000	£'000	£'000		£'000	£'000	£'000
1,120	(118)	1,002	Surplus/(deficit) per trading accounts	323	(652)	(329)
1,680	208	1,888	Depreciation & impairment	1,976	165	2,142
188	28	216	Difference between notional and actual depot costs	76	27	103
(214)	(424)	(638)	Difference between IAS 19 and actual pension costs	316	625	941
280	552	832	IAS 19 pension interest cost and expected return	145	287	432
(1,491)	-	(1,491)	Repayment of debt	(1,553)	(117)	(1,670)
(1,105)	(81)	(1,186)	CFCR	(633)	-	(633)
281	160	441	Employee statutory adjustments	(133)	(38)	(171)
(305)	(759)	(1,064)	Contributions to constituent councils	(608)	(205)	(813)
433	(433)	-	(Decrease)/Increase in general fund balance	(92)	92	-

10. Contributions to the Constituent Councils

For the financial year ending 31 March 2025, the constituent Councils agreed a target distribution of £750k. An actual surplus of £813k was achieved and will be distributed to the constituent Councils (2023/24: £1,064k). This amount has been apportioned to the three constituent Councils in accordance with the percentage split method agreed by the Joint Committee on 18 November 2024.

11. Events After the Balance Sheet Date

There were no events that occurred between 1 April 2025 and 17 November 2025 that would have an impact on the 2024/25 financial statements. The later date was the date the audited financial statements were authorised for issue by the Joint Committee.

Notes to the Financial Statements

12. Adjustments between the Accounting Basis and Funding Basis under Regulations

Adjustments between the Accounting Basis & Funding Basis under Regulations

	2023/24 £'000	2024/25 £'000
Adjustments involving the capital adjustment account		
Reversal of items debited or credited to the CIES		
Charges for depreciation & impairment on non-current assets	1,888	2,142
Capital expenditure funded from revenue	(1,187)	(633)
Carrying amount of non-current assets sold	-	-
Loans/lease principal repayments during the year	(1,491)	(1,828)
Reduction in liability on expiry of leases	-	-
Insertion of items not debited or credited to the CIES		
Other adjustments	-	-
Adjustments involving the capital receipts reserve		
Proceeds from the sale of non-current assets	(147)	(40)
Adjustments involving the pension reserve		
Reversal of items relating to retirement benefits debited or credited to the CIES (note 34)	5,844	7,167
Employers pension contributions & direct payments to pensioners payable in year	(6,481)	(6,222)
Adjustments involving the statutory adjustment account		
Adjustments in relation to employee statutory adjustments	440	(171)
	1,134	415

Notes to the Financial Statements

13. Other Operating Income

Other Operating Income

	2023/24 £'000	2024/25 £'000
Net proceeds from sale of non-current assets	147	41
Carrying amount of non-current assets sold	-	-
Reduction in liability on expiry of finance leases	-	-
Gains on sale of non-current assets	147	41

14. Financing and Investment Income and Expenditure

Financing & Investment Income & Expenditure

	2023/24 £'000	2024/25 £'000
Interest payable & similar charges		
Bank interest	(215)	150
Loan interest	(342)	(540)
	(557)	(390)
Pension interest cost & expected return on pension assets		
Expected return on assets/net interest on defined liability	13,041	14,836
Interest cost	(12,209)	(14,404)
	832	432
Total financing and investment income & expenditure	275	42

Notes to the Financial Statements

15. Property Plant and Equipment

(a) Comparative Year	Land & buildings £'000	Vehicles plant & equipment £'000	Assets under construction £'000	Right of use assets £'000	Total fixed assets £'000
Cost or Valuation					
Balance as at 1 April 2023	1,628	25,018	558	1,619	28,823
Additions	250	1,153	2,275	433	4,111
Transfer of asset under construction	196	1,999	(2,195)	-	-
De-recognition: disposals	-	(1,877)	-	-	(1,877)
At 31 March 2024	2,074	26,293	638	2,052	31,057
Depreciation & Impairment					
Balance as at 1 April 2023	468	14,154	-	99	14,721
Revaluation	89	1,976	-	160	2,225
Depreciation charge	-	(326)	-	-	(326)
De-recognition: disposals	-	(1,646)	-	-	(1,646)
At 31 March 2024	557	14,158	-	259	14,974
Net book value					
Balance as at 31 March 2024	1,517	12,135	638	1,793	16,083
Balance as at 31 March 2023	1,160	10,864	558	1,520	14,102
(a) Current Year					
Cost or Valuation					
Balance as at 1 April 2024	2,075	26,293	638	2,052	31,058
Additions	150	2,557	1,052	12,708	16,467
Revaluation	-	-	-	-	-
Transfer of asset under construction	199	318	(517)	-	-
De-recognition: disposals	(46)	(2,149)	-	-	(2,195)
At 31 March 2025	2,378	27,019	1,173	14,760	45,329
Depreciation & Impairment					
Balance as at 1 April 2024	557	14,158	-	259	14,974
Revaluation	-	-	-	-	-
Depreciation charge	91	1,802	-	877	2,770
De-recognition: disposals	(46)	(1,953)	-	-	(1,999)
At 31 March 2025	602	14,007	-	1,136	15,745
Net book value					
Balance as at 31 March 2025	1,776	13,011	1,173	13,623	29,583
Balance as at 31 March 2024	1,517	12,136	637	1,794	16,084

Notes to the Financial Statements

In accordance with the stated accounting policy, owned assets are depreciated over their estimated useful life. The useful life assigned to the various types of plant, vehicles and equipment ranges from 2 to 20 years. Quarry buildings are depreciated over the estimated remaining economic life of the quarry at the date of acquisition, and a range of 10 to 16 years has been applied. Computer equipment (large value servers) is depreciated over 5 years. Assets acquired under finance leases are depreciated over the life of the lease considering any residual value at the end of the lease period.

16. Capital Expenditure – Sources of Finance

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Sources of Finance			
	2023/24		2024/25
	£'000		£'000
Capital Receipts	147		41
Capital Funded from Current Revenue	1,187		633
Loans	2,628		3,094
	3,962		3,768

17. Capital Commitments

At 31 March 2025 there were commitments of £725k in respect of vehicles, plant and equipment ordered but not received at that date (2023/24: £715k).

18. Financial Instruments

With the exception of debtors, creditors and borrowings to fund capital expenditure, analyses of which are provided in notes 20, 23 and 22 respectively, Tayside Contracts does not have any financial instruments that are required to be re-measured and disclosed under International Accounting Standards 39 and 32 and International Financial Reporting Standard 7.

Notes to the Financial Statements

19. Inventories

In undertaking its work, the Joint Committee holds reserves of stock together with amounts of uncompleted work (work in progress). The figure shown in the balance sheet may be subdivided as follows:

Inventories			
	2023/24		2024/25
	£'000		£'000
Work in Progress	78		63
Stock	2,405		2,447
	2,483		2,510

20. Debtors

Short Term Debtors			
	2023/24		2024/25
	£'000		£'000
Constituent Councils	14,359		7,655
Trade Debtors	2,296		1,570
Impairment of Debtors	-		-
	16,655		9,225

21. Cash & Cash Equivalents

Cash & Cash Equivalents			
	2023/24		2024/25
	£'000		£'000
(Bank Overdraft)/Cash in Bank	(2,089)		6,574
	(2,089)		6,574

Notes to the Financial Statements

22. Short & Long-Term Borrowing

During 2024/25 loans amounting to £3,094k (2023/24: £2,628k) were arranged with Dundee City Council to finance capital expenditure. The net future obligation in respect of these loans, together with loans arranged in previous years, as at 31 March is:

Short & Long Term Borrowing

	2023/24		2024/25
	£'000		£'000
Due in 1 year	1,670		1,886
Due in 2 - 5 years	5,464		6,264
Due in more than 5 years	3,766		4,174
	10,900		12,324

23. Creditors

Short Term Creditors

	2023/24		2024/25
	£'000		£'000
Constituent Councils	4,648		7,795
Accrued Salaries and Wages	1,398		1,595
Accumulated Absences	1,555		1,386
Trade Creditors	9,274		7,527
	16,875		18,303

24. Provisions

A provision has been created in respect of completed contracts for which costs associated with remedial works are expected to arise in future years. The provisional sum represents the estimated value of irrecoverable costs which include outstanding claims, remedial and maintenance expenses. Provision is also made for the future reinstatement of the quarry operated by Tayside Contracts and remedial costs at the Bolshan landfill quarry site as determined by SEPA. Other provisions relate to ongoing legal disputes, obsolete or ageing stock items, restructuring and allowing for insurance claims and claims in respect of overtime adjustments to holiday payments. Long term provisions relate to Collace and Bolshan quarry reinstatement costs and CPU reinstatement.

Notes to the Financial Statements

Provisions

	Balance as at 1 April 2023 £'000	Arising £'000	Utilised £'000	Reversed utilised £'000	Interest earned £'000	Balance as at 31 March 2024 £'000
Prior Year						
Remedial works	304	-	(50)	-	-	254
Quarry reinstatement	322	-	(7)	(71)	-	244
Bolshan quarry reinstatement	88	71	-	-	-	159
Disposal of whin dust	-	-	-	-	-	-
Restructuring	42	-	-	(30)	-	12
Insurance claims	112	45	(34)	(33)	-	90
Lease liability	90	-	-	-	-	90
Other	226	34	-	(40)	-	220
As at 31 March 2024	1,184	150	(91)	(174)	-	1,069
Short term provisions	684	79	(84)	(103)	-	576
Long term provisions	500	71	(7)	(71)	-	493
	1,184	150	(91)	(174)	-	1,069
	Balance as at 1 April 2024 £'000	Arising £'000	Utilised £'000	Reversed utilised £'000	Interest earned £'000	Balance as at 31 March 2025 £'000
Current Year						
Remedial works	254	302	(35)	(219)	-	302
Quarry reinstatement	244	-	-	-	-	244
Bolshan quarry reinstatement	159	-	-	-	-	159
Disposal of whin dust	-	-	-	-	-	-
Restructuring	12	-	-	-	-	12
Insurance claims	90	77	(46)	(20)	-	101
Lease liability	90	-	-	-	-	90
Other	220	-	(24)	(42)	-	154
As at 31 March 2025	1,069	379	(105)	(281)	-	1,062
Short term provisions	576	379	(105)	(281)	-	569
Long term provisions	493	-	-	-	-	493
	1,069	379	(105)	(281)	-	1,062

Notes to the Financial Statements

25. Usable Reserves

These are cash receipts from the sale of the Joint Committee's assets, which have been applied to finance capital expenditure.

Capital Receipts Reserve

	2023/24 £'000	2024/25 £'000
Opening balance as at 1 April	-	-
Capital receipts in the year	147	41
Capital receipts used to finance capital expenditure	(147)	(41)
	-	-

26. Unusable Reserves

Unusable Reserve

	2023/24 £'000	2024/25 £'000
	£'000	£'000
Capital Adjustment Account	3,977	14,563
Pensions Reserve	(2,287)	(2,023)
Accumulating Compensated Absences Account	(1,555)	(1,381)
	135	11,159

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different accounting arrangement in respect of consumption of non-current assets and the financing of the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

Notes to the Financial Statements

Capital Adjustment Account

	2023/24 £'000		2024/25 £'000
Opening Balance as at 1 April	3,042		3,978
Reversal of items relating to capital expenditure debited or credited to the CIES			
Depreciation and impairment of non-current assets	(1,888)		(2,609)
Capital expenditure funded from revenue	1,187		633
	(701)		(1,976)
Capital financing applied in the year			
Capital receipts applied to finance capital expenditure	146		41
Loan and Lease principal repayments	1,491		1,827
Leases capitalised under IFRS16 without charges	-		10,692
Reduction in liability on expiry of finance leases	-		-
	1,637		12,561
Closing Balance as at 31 March	3,978		14,562

Pensions Reserve

The Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources 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. There is an equal and opposite liability for this amount in the Balance Sheet.

Notes to the Financial Statements

Pension Reserve

	2023/24 £'000	2024/25 £'000
Opening Balance as at 1 April	(1,866)	(2,287)
Actuarial (losses)/gains on pensions assets and liabilities	(1,059)	1,207
Reversal of items relating to retirement benefits debited or credited to the provision of service in the CIES (see Note 32)	638	(943)
Closing Balance as at 31 March	(2,287)	(2,023)

Employee Statutory Adjustments Account

The Employee Statutory Adjustments Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement outstanding at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to, or from the Account.

Employee Statutory Account

	2023/24 £'000	2024/25 £'000
Opening Balance as at 1 April	(1,114)	(1,555)
Settlement or cancellation of accrual made at the end of the preceding	1,114	1,555
Amounts accrued at the end of the current year	(1,555)	(1,381)
Closing Balance as at 31 March	(1,555)	(1,381)

Notes to the Financial Statements

27. Notes to the Cash Flow Statement

	2023/24 (restated) £'000	2024/25 £'000
27(a) Analysis of adjustments to the surplus of provision of services		
Depreciation	1,888	2,142
Increase in inventories	(94)	(28)
Decrease in debtors	1,140	7,431
(Decrease)/increase in short term creditors	(507)	1,428
Increase in long term leases	788	1,154
Net charge to pension fund	(638)	943
Contribution from other reserves/provisions	(115)	(6)
Increase/(decrease) in schemes liabilities	421	(264)
	2,883	12,800
Adjustment for items that are investing and financing activities		
Interest paid/received	557	390
Proceeds from the sale of non-current assets	(147)	(41)
	410	349
27(b) Cash flows from investing activities		
Purchase of property, plant & equipment	(3,315)	(4,082)
Proceeds from the sale of non-current assets	146	41
	(3,169)	(4,042)
27(c) Cash flows from financing		
Cash receipts from short & long term borrowing	2,628	3,094
Short & long term borrowing cash repayments	(1,491)	(1,670)
Surpluses paid to constituent councils	(977)	(1,064)
Other payments for financing activities	(557)	(390)
	(397)	(30)

Notes to the Financial Statements

28. Members' Allowances

The Joint Committee does not make payment to members in the form of salaries and allowances. The only costs relating to members incurred by the Joint Committee are those associated with attendance at relevant conferences and seminars.

Members Allowances

	2023/24		2024/25
	£'000		£'000
Conference and Seminars	-		-
Travel and Subsistence	-		-
	-		-

29. External Audit Fees

The external auditors of Tayside Contracts Joint Committee are appointed by the Accounts Commission for Scotland, for a period of 5 years.

The total fee payable to Audit Scotland in respect of the 2024/25 financial year, for external audit services undertaken in accordance with the Code of Practice, is £50k (2023/24: £49k). During 2024/25 the external auditor did not provide any other services to the Joint Committee other than the duties undertaken in accordance with the Code of Audit Practice.

30. Related Parties

The Joint Committee is required to disclose material transactions with related parties bodies that have the potential to control or influence Tayside Contracts. By the very nature of Joint Committee structure and operations, the three constituent Councils would be considered related parties. Work carried out for the constituent Councils during the financial year was valued as follows:

The Joint Committee is required to disclose material transactions with related parties bodes that have the potential to control of influence Tayside Contracts. By the very nature of Joint Committee structure and operations, the three constituent Councils would be considered related parties. Work carried out for the constituent Councils during the financial year was value as follows:

Notes to the Financial Statements

	2023/24 £'000	2024/25 £'000
Angus Council	25,982	26,473
Dundee City Council	26,618	27,169
Perth and Kinross Council	36,705	37,432
	89,305	91,074

Charges were made by the constituent Councils for services provided to the Joint Committee, including historical loan funds charges for use of depots, as follows (note that these figures exclude Prudential loan principal and interest repayments):

	2023/24 £'000	2024/25 £'000
Angus Council	198	257
Dundee City Council	519	385
Perth and Kinross Council	254	259
	971	901

The following repayments of surpluses due to the constituent Councils, including interest accrued on outstanding balances, were made by Tayside Contracts:

	2023/24 £'000	2024/25 £'000
Angus Council	309	237
Dundee City Council	326	242
Perth and Kinross Council	429	334
	1,064	813

Loan repayments to Dundee City Council in respect of sums borrowed to fund capital expenditure, including interest and loans fund expenses, are included in the accounts amounting to £1,670k in 2024/25 (2023/24: £1,491k).

Notes to the Financial Statements

Included in the Balance Sheet are a number of balances relating to amounts due from and to the constituent Councils. These are summarised as follows:

	2023/24 £'000	2024/25 £'000
Debtors	£'000	£'000
Operational Activities	14,359	7,655
Creditors		
Trade and Sundry Creditors	(2,520)	(6,982)
Surpluses due to Constituent Councils	(1,064)	(813)
	(3,584)	(7,795)

Also included in the Balance Sheet are balances outstanding on loans from Dundee City Council as disclosed in Note 22.

31. Leases

Nineteen properties, increased from nine (2023/24) due to IFRS16 requirements to provide notional lease values to properties where no rent is paid, and twenty two vehicles were leased at 31 March 2025 as follows.

Leases

	2023/24 £'000	2024/25 £'000
1 year	230	370
2-5 years	670	963
More than 5 years	788	1,942
	1,688	3,275

32. Defined Benefits Pension Scheme

Participation in the Local Government Pension Scheme

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Notes to the Financial Statements

The Joint Committee participates in the Tayside Pension Fund, administered by Dundee City Council. This is a funded scheme, meaning that the Joint Committee and employees pay contributions into a fund, calculated at a level intended to balance the pension funds liabilities with investment assets.

Transactions Relating to Retirement Benefits – CIES Charges

The Joint Committee recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees rather than when the benefits are eventually paid as pensions.

However, the charge the Joint Committee is required to make is based on the cash payable in the year, and the real cost of retirement is reversed out in the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year.

Past service cost or settlement are as follows:

Past Service Cost or Settlement

	2023/24 £'000		2024/25 £'000
Service cost	6,676		7,599
Net Operating Expenditure			
Net Interest Expenditure	(832)		(432)
Net charge to the CIES	5,844		7,167

Adjustments between accounting basis and funding basis under regulations

	2023/24 £'000		2024/25 £'000
Reversal of charges made for retirement benefits in accordance with IAS 19	(5,844)		(7,167)
Employer's contributions payable to the scheme	6,481		6,222
	637		(945)

Notes to the Financial Statements

In addition to the recognised gains and losses included in the CIES, an actuarial gain of £1,207k (2023/24 - loss of £1,060k) was included in other comprehensive income and expenditure in the CIES.

Assets and Liabilities in Relation to Retirement Benefits

The change in the net pension liability is analysed into various components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
- net interest – the net defined benefit liability (asset) multiplied by the discount rate - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Joint Committee, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Joint Committee of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
- remeasurement gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Notes to the Financial Statements

Reconciliation of present value of the scheme liabilities

	2023/24 £'000	2024/25 £'000
Balance as at 1 April	191,774	211,803
Current service cost	6,597	7,135
Interest cost	9,200	10,318
Contributions by members	2,108	2,154
Remeasurement gains: change in financial assumptions	(645)	(29,480)
Remeasurement gains: change in demographic assumptions	(3,134)	(581)
Remeasurement losses/(gains): experience losses/(gains)	14,523	(476)
Liabilities assumed/(extinguished) on settlements	-	-
Past service costs including curtailments	78	462
Estimated unfunded benefits paid	(183)	(200)
Estimated benefits paid	(8,515)	(10,550)
Balance as at 31 March	211,803	190,585

Reconciliation of present value of the scheme assets

	2023/24 £'000	2024/25 £'000
Balance as at 1 April	245,109	286,366
Interest on Assets	13,041	14,836
Return on assets less interest	20,711	(5,580)
Contributions by members	2,108	2,154
Contribution by employer	6,481	6,222
Actuarial gains	7,685	-
Administration expenses	(71)	(88)
Settlement prices received/(paid)	-	-
Benefits paid	(8,698)	(10,750)
Balance as at 31 March	286,366	293,160

Notes to the Financial Statements

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year showed a positive return of £6,794k (2023/24: £41,257k).

Fair Value of Plan Assets

	2023/24 £'000	2024/25 £'000
	£'000	£'000
Equity Investments	206,509	194,707
Gilts	18,068	18,698
Bonds	18,814	19,304
Property	25,384	44,483
Cash	17,522	15,890
Alternatives	69	78
Balance as at 31 March	286,366	293,160

The above asset values are at bid value as required by IAS 19.

Scheme History - Analysis of scheme assets and liabilities

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Fair value of assets in pension scheme	244,661	257,534	245,109	286,366	293,160
Present value of defined benefit obligation	(263,883)	(266,458)	(191,774)	(211,803)	(190,585)
Impact of asset ceiling	-	-	(55,201)	(76,850)	(104,598)
Net scheme liabilities	(19,222)	(8,924)	(1,866)	(2,287)	(2,023)

Notes to the Financial Statements

Amount recognised in other comprehensive income and expenditure

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
	£'000	£'000	£'000	£'000	£'000
Actuarial gains/(losses)	15,290	20,766	11,112	(1,060)	1,207
Cumulative actuarial gains and losses	60,256	81,022	92,134	91,074	92,281

History of experience gains and losses

Experience gains/(losses) on assets	52,909	9,132	(20,820)	20,711	(5,580)
Cumulative experience gains and losses	71,485	80,617	59,797	80,508	74,928

Analysis of projected amount to be charged to CIES for year to 31 March 2026

	£'000
Service cost	5,860
Net interest on obligation	(56)
Administration expenses	89
Total loss	5,893

The total contributions expected to be made to the Tayside Pension Fund by the Joint Committee in the year to 31 March 2026 is £5,893k.

Notes to the Financial Statements

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years depending on assumptions about mortality rates, salary levels, etc.

The overall pension asset of £102,575k as per the actuarial valuation has been disaggregated to distinguish between funded and unfunded obligations. The net liability position relating to funded obligations of £104,598k has been adjusted for the asset ceiling calculation required by IAS19 / IFRIC 14 which limits the measurement of a net defined benefit scheme. There are no unconditional rights to reduced contributions or refunds from the scheme, therefore an asset ceiling has been calculated to bring the net value relating to funded obligations to £ nil at 31 March 2025 (£0 as at 31 March 2024). There is a debit balance on the Pensions Reserve which reflects the net liability position relating to unfunded obligations of £2,023k.

The pension fund liabilities have been assessed by an independent firm of actuaries; estimates being based on data pertaining to the latest full valuation of the scheme as at 31 March 2025.

Mortality assumptions

	2023/24	2024/25
Longevity at 65 for current pensioners		
Men	18.9 yrs	18.8 yrs
Women	21.6 yrs	21.7 yrs
Longevity at 65 for future pensioners		
Men	20.2 yrs	20.2 yrs
Women	23.1 yrs	23.2 yrs
Inflation/Pension increase rate	2.90%	2.90%
Salary increase rate	3.90%	3.90%
Discount rate	4.85%	5.80%

Notes to the Financial Statements

Major categories of plan assets as percentage of total plan assets

The Tayside Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	2022/23	2023/24	2024/25
Equity Investments	72%	72%	66%
Gilts	2%	6%	6%
Bonds	14%	7%	7%
Property	10%	9%	15%
Cash	3%	6%	5%

Sensitivity Analysis

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Adjustment to discount rate	0.10%	0.00%	-0.10%
Present value of total obligation	187,925	190,585	193,309
Projected service cost	5,696	5,860	6,029
Adjustment to long term salary increase	0.10%	0.00%	-0.10%
Present value of total obligation	190,777	190,585	190,394
Projected service cost	5,860	5,860	5,860
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	-0.10%
Present value of total obligation	193,192	190,585	188,039
Projected service cost	6,036	5,860	5,688
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	197,304	190,585	184,126
Projected service cost	6,061	5,860	5,664

33. Defined Benefits Pension Scheme

No events have occurred that are expected to result in the creation of a liability.

34. Defined Benefits Pension Scheme

No events have occurred that are expected to result in the creation of an asset.

Notes to the Financial Statements

35. Effect on the Comprehensive Income & Expenditure Statement of a Prior Year Error

Effect on CIES of a Prior Year Error

	Original stated gross expenditure 2023/24 £'000	Restated gross expenditure 2023/24 £'000	Restated amount 2023/24 £'000	Original stated gross income 2023/24 £'000	Restated gross income 2023/24 £'000	Restated amount 2023/24 £'000	Net effect of error 2023/24 £'000
Construction Division	41,865	52,238	10,373	43,665	54,038	10,373	-





Tayside Contracts
Contracts House
1 Soutar Street
Dundee DD3 8SS